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**Who Receives Aid from Faith-Based NGOs? An Analysis of Country Level Aid Commitments**

A thesis submitted in partial fulfillment of the requirement

for the degree of Bachelors of Arts in the Government Department from

The College of William and Mary

by

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Williamsburg, VA
**May 7, 2010**

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## 1. Introduction

The U.S. faith-based non-governmental organization (FBO) sector has experienced a dynamic increase in the last 70 years in both sheer number and financial power. In 2005 alone, these organizations allocated over $6 billion to various projects relating to international development (McCleary 2009). Aid delivery by non-state actors is justified by the popularly held notion that FBOs deliver services to those most in need. Moreover, due to their calling by a higher power, scholars and aid practitioners assume the increased activity in the faith base sector is warranted. With their foundation rooted in theological principles and justified by tenants of faith, these organizations have the capacity both to do good and be immune by the strategic interests that plague official development assistance (ODA) (Smith 1999). However, there is anecdotal evidence to support that donors are not always as altruistic as they may claim to be, calling our assumption into question (Maren 1997; Hancock 1994). A closer examination may reveal differing underlying motives for identifying aid recipients.

This research will examine a relatively uncharted area: donation patterns of U.S. FBOs working in international development at the recipient country level. As government partnership with FBOs grows, we not only have increased motivation, but also a responsibility, to examine the geographic mapping of aid commitments. I hypothesize that the religious demography of the aid recipient country, as well as recipient need, plays an important role in attracting FBOs. Aid commitments will be more likely when the donor-recipient dyad share a common faith. Through analysis of a unique dataset and interviews with development practitioners, this honors project will examine the drivers of aid allocation for FBOs, including not only need and religious demography, but also the

effects of total annual revenue, religious affiliation, and receiving funding from the US government.

### 1.1 Background: The growth of private aid

While private aid groups, NGOs, and charities have existed for long periods of time, only recently have these groups gained high levels of public visibility and achievement of a critical niche in official aid delivery (Smillie 1997). Several factors have come together in the last 30 years to create a perfect environment to foster the growth and globalization of the FBO sector. First, the decrease in US official aid has created a new space for non-state actors, including faith-based groups, to enter the development arena. US foreign aid allocations have experienced significant decreases through the last 50 years, from the high of $18.5 billion (Figure 1). Seventy percent of money flowing from the US to the developing world was public funds in 1970 (USAID 2006). In contrast, aid allocations of the last 10 years have trended around $10 billion dollars, with 85% of the monetary flow from the US to the developing world originating from non-public sources (USAID 2006).[1] This inversion, while due in part to remittances and foreign direct investment, was largely attributed to both the growth of private aid groups and diminishing official aid. To substitute for the lack of federal funds, the US has worked to foster public-private partnerships through contracts and grants with the NGO sector.

[1] This statistic of non-public sources does include USAID grants and contracts. However, the important distinction is that this money is delivered by private actors, not the US government.

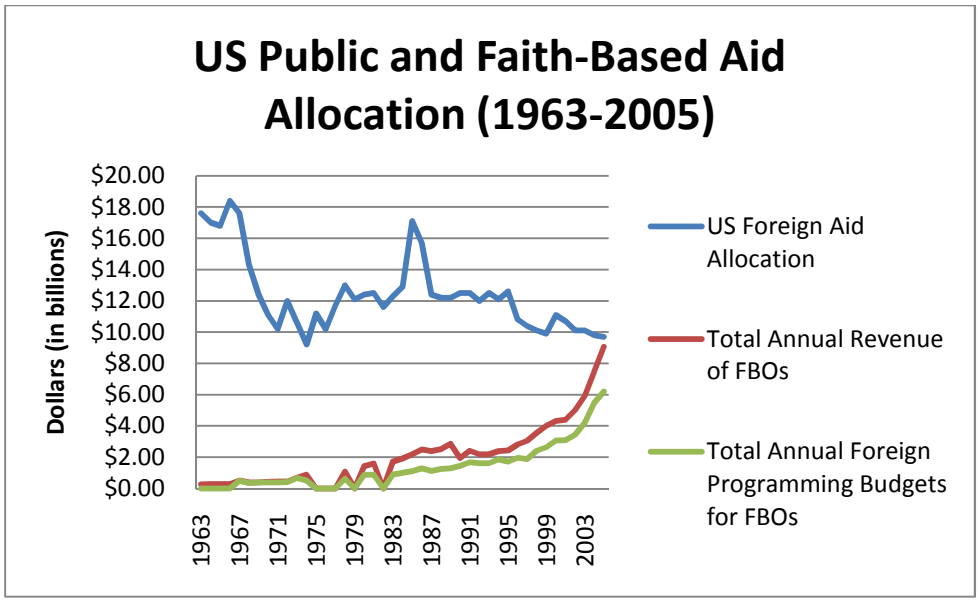


Figure 1. US Public and FBO Aid Allocation in billions of dollars. Sources: US foreign aid allocation from Center on Budget and Policy Priorities, FBO data from USAID PVO registry

Secondly, recent changes in executive policy have supported the continuing divergence of US aid in comparison to private aid. Presidential administrations have supported the expansion of the FBO sector through executive policy. Development assistance was pushed to the forefront of US foreign policy following September 11, 2001. Foreign aid was promoted to one of the three pillars of US national security, on equal footing with both military defense and diplomacy (USAID 2002). This policy served as a recognition of the key changes in private aid that were already underway. Additionally, the role of faith-based groups within the third pillar of national security was formally recognized. The Bush Administration established the Office of Faith-based and Community Initiatives in January 2001, ushering in a new era of government collaboration with humanitarian aid groups. Subsequent changes followed within USAID to form new programs aimed at increasing FBO participation in existing programs through the Center for Faith-based and Community Initiatives. These changes have

translated into increased activity within the FBO sector, as seen in Figure 1. In 2005 alone, FBOs budgeted $ 6.2 billion dollars of aid for international programs.

Religious organizations were uniquely positioned in comparison to their secular counterparts to capitalize on these changes. The transition from exclusively religious to a broader, public role as non-governmental organizations was logical for many of established groups. The move to be recognized as NGOs by the US and international bodies is often is only a legal procedure, allowing religious groups to continue their existing work in humanitarian aid and development. Berger notes that, "unlike secular NGOs, most of which have been created in the last 30 years, many FBOs represent new incarnations of previously established religious organizations" (Berger 2003, 19-20). Religious NGOs officially affiliated with a denomination have access to an organized structure with worldwide reach. The global presence of religious organizations provides ample opportunities to spread their mission statement and abstract funding (Berger 2003). Additionally, these groups often have members located around the world, making an international, public mission a natural extension.

**1.2 Advantages of FBOs**

From the US government point of view, a public-private partnership offers many advantages. First, it is a financially prudent move. NGOs, both faith-based and secular, are "assumed cost-effective" in their outreach (Nancy and Yontcheva 2006, 5). Contracts and grants allow the federal government to minimize the number of federal employees on payroll (USAID 2002, 141). Likewise, NGOs can "conduct programs often faster and more efficiently than contractors or government employees."

It also makes political sense. As private entities, NGOs can bypass political divisiveness and red tape to work directly with the local peoples (USIP 2003, 7). Qualitative research supports that NGOs are able to circumvent government bureaucracy to deliver aid directly to those in need (Tyndale 2006). The federal government can avoid possible political implications of failed programming. This is a particular advantage when working in countries with high levels of corruption, dictators, etc (Nancy and Yontcheva 2006, 5-6).

FBOs have particular advantages that appeal to the federal government. These advantages set FBOs apart from their secular and corporate counterparts. First, religious organizations have a built-in, "ready-made constituency" consisting of their co-religious (Dicklitch and Rice 2004, 662). In a personal interview, the president of a FBO noted that his organization's faith affiliation allows them to "speak the same language" as the aid recipients.[2]

Moreover, in conflict situations, the religious network is often the only remaining semblance of civil society after conflict or natural disaster.[3] This asset allows church based organizations to "play a significant role in organizing negotiations, a role governments mostly can't play" (Van de Veen 2002, 171). Wendy Tyndale notes that religious groups often gather for weekly services, providing a consistent way to reach local peoples and deliver a message for programming (Tyndale 2006, 169). For example, Catholic Relief Services (CRS) has utilized the Catholic Church's existing infrastructure as a framework to deliver aid in post-conflict situations, such as working through the

[2] Craig Cole, President and CEO of Five Talents, phone conversation, February 5, 2010.
[3] Government 491 Seminar Class, Guest Speaker on Microfinance, October 17, 2008.

diocese in East Timor to support their peace building and reconciliation efforts (CRS 2002, 184).

Secondly, a church or faith-based identity forms as an automatic association between donors and recipients. Religious congruency between donor and recipient built on a shared sense of values translate across cultural and socioeconomic barriers. This may work to the advantage of both donors and recipients. According to Norwegian Church Aid, practitioners were able to build relationships and trust with the local peoples due to their "church based identity" (Van de Veen 2002, 171). Based on this relationship, faith-based organizations have the unique ability to "to operate in politically sensitive situations" (USAID 2002). In developing countries, the people have greater trust for religious institutions over governmental institutions. For example, a 2007 Gallup poll reported 82% of Sub-Saharan Africans trust religious organizations. In comparison, only 57% of respondents trust the national government.[4] In these places, faith affiliation gives "instant credibility" to FBOs. [5]

### 1.3 Criticism of FBOs

The rise of FBOs has not been without controversy. First**,** recognition of FBO's capacity to both unite *and* divide is necessary. While a common faith may create an automatic identification with local people, this has the potential to violate the principles of impartiality and neutrality. Religion is a basis for collective identity and thus "distinguishes the 'in' group from the 'out' group, the 'we' from the 'you': it is both

[4] "Few Ethiopians Confident in their Institutions," Gallup, January 30 2008, http://www.gallup.com/poll/104029/few-ethiopians-confident-their-institutions.aspx

[5] Paul Krizek, Executive Director/General Counsel of Christian Relief Services, Phone Conversation, February 24, 2010.

inclusive and exclusive" (Van de Veen 2002, 252). For example, citizens of Rwanda criticized Catholic Relief Services' plans to create an inter-religious forum. Local peoples were skeptical that the identifiable organization could be truly unbiased and uneasy of the true motives underlying the organization's involvement in the area (USIP 2001, 5). Others criticize FBOs, noting that "many faith-based groups embrace a justice agenda and, while not necessarily choosing sides in a given conflict, do not make the principle of neutrality their first and greatest commandment" (Ferris 2005, 319).

Religious groups exude a unique, moral based power that has the potential to be used to further a "self serving bias" and control behavior of those they aim to serve (Groves and Hinton 2003, 59). Some scholars even have more forceful language suggesting that NGOs have the ability to "harness" religious support for the "agenda they wish to impose" (Tyndale 2006, 165). Consider the case of World Help, an evangelical charity. Following the 2004 Tsunami in Indonesia, World Help mobilized quickly, making plans to find adoptive homes in a Christian orphanage for 300 Indonesian orphans. Not only did this place evangelism efforts over relief efforts, but it also violates the domestic law that requires adoptive parents and child to be of the same faith.[6] As a consequence, the actions of World Help "led to questioning and criticism for the work of all Christians" in Indonesia (Ferris 2005, 323).

Religious groups, out of principle, may not deliver certain services or deliver them in a certain fashion. For example, in Jordan, Islamic Charitable Association discriminated against those who preferred to remain unmarried based on religious views

[6] Alan Cooperman, "Tsunami Orphans won't be sent to Christian homes," January 14 2005, The Washington Post. http://www.washingtonpost.com/wp-dyn/articles/A7535-2005Jan13.html

(Benthall and Bellion-Jourdan 2003, 102). Various social issues also elicit a strong response from some FBOs. While US policy towards HIV/AIDS includes the ABC approach (abstinence, be faithful, use a condom,) various faith-based Christian organizations voiced dissent, citing contrary religious based teachings (Anderson 2008, 21-24).

Specific criticism applies to FBOs working in areas with religious based conflict. There is no scholarly consensus on the role of religion as a root cause of conflict. Some, such as Samuel Huntington emphasizes the role of religion (in his seminal work Clash of Civilizations,) as a key factor for future conflict (1996). Others, such as David Smock , contend that religious differences mask the true root causes, such as economic disparities, resource management, and political stability (2004). Regardless, the introduction of a religious variable into volatile situation may be polarizing, transforming a humanitarian agency to a bellicose agent. FBOs must take extreme precautions when functioning in "zone of religious conflict," separating themselves from the root causes of violence (USIP 2001, 5).

Others argue that secular NGOs may be hesitant to collaborate with FBOs, or vice versa. Local governments and other secular and international NGOs may be less likely to work with a faith-based organization, fueling interagency competition and coordination problems.[7] FBOs themselves may contribute to a lack of coordination by choosing to only associate with religious based organizations. MCC in Africa chose to work with Presbyterian, Lutheran and United Methodist organizations exclusively in order not to

[7] Government 491 Seminar Class, Guest Speaker on Microfinance, October 17, 2008.

compromise the religious nature of their development work (Dicklitch and Rice 2004, 668).

Coordination issues may be due to the level of professionalism of the staff of FBOs. Twenty-five organizations in the dataset of interest have religious based restrictions for hiring employees and/or volunteers. World Vision requires all to adhere to statements of faith and/or Apostle's Creed, promising adherence to the Christian faith[8]. In personal interviews with World Vision staff in Zimbabwe, researchers found that employees and volunteers tended to view the world as consisting of two groups of people: evangelized and un-evangelized. In addition, staff associated the developing world with un-evangelized peoples and vice versa (Bornstein 2006, 671). The work of FBOs is viewed through a lens of not only development, but also "exposure to Christianity" for World Vision staff (Bornstein 2005). FBOs with hiring stipulations tend to employ staff with religious convictions, but lack the rigorous training necessary, assigning substantial weight to references by pastors or religious leaders. Aid delivery with good intention may result in unintentional negative outcomes. Moreover, good intention is not a substitute for professionalism, experience, and knowledge.

Non-Christian FBOs have not escaped criticism. Islamic humanitarian groups have faced the added burden as the subject of "witch hunts," intensifying after the February 26, 1993 attack on the World Trade Center. Numerous groups, including Islamic Relief, became the focus of investigations by Western governments and others, such as Muslim Aid, were forced to close (Bellion-Jourdan 2006). This point is further

[8] World Vision, "Job Opportunities at World Vision." http://www.worldvision.org/content.nsf/about/hr-home

emphasized by the recent conviction of members of the Holy Land Foundation.[9] Links between Islamic aid groups and terrorist organizations, whether alleged or factual, continue to create an issue with reputations of Muslim humanitarian groups (USIP 2003, 3).

To what extent are these criticisms valid? Is the entire faith-based sector only working to further their religious message? Or are these organizations receptive to recipient need? What are the true motivators of the sector?

[9] Carrie Johnson, "Muslim Charity's Ex-Leaders Convicted: Justice Nets 2 wins as Embassy Blast Verdicts Endure," *The Washington Post*, November 25, 2008, A Section.

## 2. Literature Review

### 2.1 Official Development Aid (ODA)

Official development aid (ODA) has been the focus of both theoretical and empirical academic research for decades. ODA literature is divided between two main schools of thought: cynics and altruists (Buthe 2009). Theoretical work by Morganthau (1962) provided the first theoretical framework to assess of the role of foreign aid in the international system. Quantitative studied followed suit. Initial research determined recipient needs alone, as measured by per capita income levels (Dudley and Montmarquette 1976), life expectancy, and caloric intake (McKinlay and Little 1977) to be poor predictors for geographic distribution of foreign aid.[10] Scholars began to question: if not recipient need, what are the drivers of foreign aid?

Research has focused on three main components of donor interests: military, economic, and political. Some argue that economic incentives alone trump other factors. Measures of economic need used include exports (Neumayer 2003) and trade with other countries (Carleton and Stohl 1987). Others have focused on strategic measures of defense. Maizels and Nissanke (1984), Apodaca and Stohl (1999), and Poe et al. (1994) measure military presence in terms of arms transfers , US military personnel in a country, and US military presence dummy, respectively. These studies conclude that strategic factors outweigh recipient need as the determining factor in aid allocation.

Building on this work, scholars incorporated broader measures of political strategy into allocation models. In their analysis of US foreign aid, Allesina and Dollar

[10] See work by Neumayer (2003) and Easterly (2002) for additional information

(2000) find that US donations are biased toward the Middle East and other political allies (as measured by the originally constructed variable 'UN Friend,' which captures UN voting similarity) in comparison to other tactical variables. Bueno de Mesquita and Smith (2007) model aid allocation primarily as a function of "survival of political leaders" in both the donor and recipient country. The "aid for policy theory" largely ignores standard regressors and development indicators in favor of domestic coalition sizes, alignment with the US (the 'tau b' original measure), polity scores, and indicators available to the political leadership.

Recent research has used a combination of various measures of donor interest in conjunction with recipient need to specify the most complete allocation models. Younas (2008) incorporates measures of natural resources as a measure of potential wealth. Additionally, he builds on previous literature and combines various military, economic, and political variables, finding that "political and strategic concerns" surpass "economic gains in terms of donor strategic allocation," with US aid going to Egypt and Israel regardless of the amount to gain economically by committing to deliver aid elsewhere. Berthelemy and Tichit (2004) find similar results for Egypt.[11] Still others contest that the aid as a policy and economic tool argument is too simple of a conclusion. Research by Loud, Nielson and O'Keefe studies US aid allocations to Muslims states (2008). The research suggests that a combination of strategic factors are at play, including terrorism, government preferences, and alliances as significant predictors of US aid allocation and project counts.

[11] Israel was not included in their dataset

Altruist scholars have used similar measures of donor interest but concluded measures of recipient need outweigh donor interests. Econometric modeling techniques have supported the hypotheses that aid does indeed flow to the countries that need it the most (as measured by GDP per capita, Physical Quality of Life Index, proportion of population living in poverty), in comparison to donor interests. A handful of scholars support this finding for aid flows from the European Community (Tsoutsoplides 1991) and OECD countries (Noel and Therien 1995; Lumsdaine 1993), but no research exists to support this hypothesis for US foreign aid.

It is not clear how much previous research of US official aid allocation applies to the private actors working in the international system, with varying degrees of intermingling with the state in terms of funding. Arguably, a portion of the theoretical arguments once exclusively for official aid may applicable to the private sector due to the high amounts of government contracts and grants. State actors and private aid are not mutually exclusive. The US is reliant on private groups from an aid delivery point of view. Likewise, many 'private' organizations are dependent on the federal government to operate and quasi-state NGOs have emerged (Nancy and Yontcheva 2006). For example, over 50% of Catholic Relief Services' annual revenue is from the US government.

### 2.2 NGO Aid Allocation Research

The growth of the NGO sector is a fairly recent trend. It follows then that the level scholarly attention and evaluation of ODA has not yet been paid to private aid. Only recently have scholars applied quantitative techniques to private aid allocations to developing countries. In the first study of its kind, Nancy and Yontcheva (2006) use nine

years of data to show that NGO projects co-financed by the EU are driven by poverty and life expectancy, with state donor interest variables, such as militarization, imports from the EU, EU official aid, and political score as insignificant overall. In terms of motivation, this initial research indicates, "NGOs do better" at identifying recipients based on need, rather than strategic interests, in comparison to ODA (Nancy and Yontcheva 2006, 3). Measures of militarization and political freedoms indicate that EU backed NGOs favor working in freer, less militarized environments. Additionally, NGOs remain independent of the preferences of their back-donors, with official EU development aid remaining statistically insignificant throughout hypothesis testing.

Building on this groundbreaking empirical research, Koch et al. (2008) provides added evidence to support that private aid is allocated to countries with the most need. Analysis is based on self-reported allocation data of 98 of the largest international NGOs from OECD countries, including the US, UK, Netherlands, and Switzerland. Their findings support the hypothesis that private aid organizations allocate funds to the countries with the highest need, in terms of poverty, human development, and economic inequality for the allocation stage. Additional variables are added to measure cultural similarity, in the form of dummy variables to indicate shared religion between the majority of the recipient country and the donor. Shared religion is a significant motivator when selecting recipient countries. NGOs prefer to work in countries where the donor country has close political ties (as measured by UN voting record). In contrast to Nancy and Yontcheva (2006), measures of official aid are found to be significant motivators. Not only do NGOs follow official aid, but also the research finds that NGOs follow other NGOs, creating a "clustering effect."

New research in the field of nonprofit location theory relies on logistical, psychological, and structural components of individual organizations and donors (such as proportion of public-private revenue, location of foreign offices, etc.) to explain country selection (Koch 2007). Four factors, deemed "centripetal forces," encourage concentration of NGOs: "internal economies of scale, external economies, a thick labor market, and blame sharing effects." On the other hand, four different, "centrifugal forces" are at work for or the opposite effect: "avoiding competition, dispersion of demand, reputation effects, high transportation costs."

Using organizational theory as the framework for evaluation, the geographic distribution of aid is not as altruistic as suggested by these two empirical studies. Research indicates that country level clustering of aid remains persistent, with some countries overwhelmed by aid workers (for example, Kenya), leaving others neglected. Researchers deem Zambia, Nicaragua, Malawi, and El Salvador "donor darlings," while Nigeria, Central African Republic, India, and Moldova remain "donor orphans." (Koch 2007). The "blind spots" of aid are attributed to the concentration of NGOs in areas with other NGOs or official donors.

Forthcoming research by Buthe et al. tests an alternate measure of donor interest. The researchers hypothesize that US based NGOs are more likely to allocate funds to countries with higher media attention. Selecting prominent locations could translate into more visible projects and effective fundraising for the NGO. Using self-reported financial information, research indicates there is no evidence to support that countries with more media coverage garner more aid from NGOs. The research rejects the cynical argument in favor of altruistic measures of recipient need, including (including GDP per

capita, Human Development index, and the share of the population living below the poverty line). US based NGOs are also more attracted to recipient countries as the percentage of Christians increases. In summary, the three existing quantitative studies of NGO aid allocation conclude that NGOs are driven by primarily by measures of recipient need.

**2.3 Assumptions of the literature.**

Only a handful of scholars have studied private aid flows from the US to developing countries (Nancy and Yontcheva 2006; Koch 2007; Koch et al. 2008; Koch 2009; Buthe et al. 2009). Not only are NGOs largely ignored in previous research, scholars discount the diversity that exists within the private aid sector. While trailblazers of this field have added significantly to our understanding of private aid allocation, FBOs remain an uncharted area of research

Three damaging flaws are seen in previous research. First, scholars of NGO aid allocation ignore newer, smaller aid groups, biasing samples towards large, established groups. Koch (2009) requires organizations to reach a threshold of €10 million (approximately $12.5 million dollars in 2005) of annual revenue to be contacted for inclusion in the sample. In practice, the smallest US based NGO included is Oxfam USA with annual revenue of $73 million in 2008. By establishing a threshold, the researcher implicitly makes the assumption that smaller groups will follow suit. This introduces a problem. Small groups are more constrained financially. The decisions they make in where to work may be more telling in revealing true preferences, in comparison to larger groups that have the resources, contacts, and partnerships to work all over the world. Biasing samples toward larger organizations will also include disproportionate number of

older, established groups (since revenue is positively correlated with age of organizations). Buthe et al. (2009) exclusively studied established and well known aid organizations, and identified the most influential US NGOs involved in emergency relief, water, health, and education through expert surveys. Large, established groups tended to make "safer" choices, since the reputation is riding on success. On the other hand, smaller groups may feel need to take risks and work in more dangerous environments in order to distinguish themselves from other groups and attract private donors.

Secondly, previous research is biased towards NGOs that receive government grants and funding. Nancy and Yoncheva (2006) exclusively examine NGOs with EU co-financed projects and omit all projects in which donors utilize only private funds. This obvious bias results in findings that are only applicable to NGOs that are open to working with the government to some degree. Of the thirteen US based organizations included in Koch (2009), seven are registered with USAID as Private Voluntary Organizations (PVO). Of those registered with the US government, all receive some sort of government grants, contracts, or assistance. Likewise, of the 41 US based organizations included in Buthe et al. (2009), 32 are registered with USAID as PVOs. Of those 32 registered organizations, 27, or 84%, have a financial relationship with the federal government. While federal contracts and grants are rigid and stipulated for specific programs and expenses, private funding is flexible. Organizations with varying proportions of public to private funding may act differently, according to back-donor wishes.

Third, research does not distinguish between secular and faith-based NGOs. All three empirical studies include FBOs, but assume that secular and faith-based groups work in the same manner and have similar motivations. Of the thirteen US based NGOs

included in Koch (2009), two are faith-based: Adventist Development and Relief Agency (ADRA) and World Vision USA. Of the forty-one US based NGOs included in Buthe et al. (2009), nine are faith-based: Adventist Development and Relief Agency (ADRA), Aga Khan Foundation, American Jewish Joint Distribution Committee, American Jewish World Service, Catholic Medical Mission Board, Catholic Relief Services, Lutheran World Relief, World Relief, and World Vision USA.

Insert Table 1. About here

There is empirical data to call this assumption into question, in both the geographic distribution and the types of projects supported. In terms of where secular and faith-based NGOs work, FBOs are more likely to work in Latin America in comparison to secular organizations (Table 1). Note that the geographic pattern of country commitments by FBOs follows the worldwide distribution of Christians.[12]

Insert Table 2. About here

Field research indicates that there are significant differences in the projects taken on by secular and faith-based groups (Flanigan 2010). As Table 2 depicts, secular groups are 10% more likely to finance capacity-building projects in comparison to their religiously affiliated counterparts. On the other hand, FBOs are 5% and 10% more likely to finance health and humanitarian assistant projects, respectively (Table 2).

Additionally, within-country analysis and case studies have determined that there are significant differences in the means of operation of secular and faith-based groups. Case studies have found discrepancies of service delivery and geographic allocation of project selection for specific countries (Sri Lanka (Flanigan 2009), Bangladesh

[12] I define country commitment as the number of FBOs involved in a particular country. This methodology assigns equal weight to the activities of each FBO.

(Candland 2000); Bosnia (Flanigan 2009; Leban 2003), Lebanon (Flanigan 2009), Sudan (Mans and Ali 2006), and Chad (Kaag 2008)). Aggregating faith-based and secular donors together in the analysis assumes that all donors are motivated by the same factors. Scholars have not considered faith-based group's unique motivating factors, and the goals and values that drive where they select to work.

Why have religious groups been largely ignored by the academic literature? According to Berger, FBOs have been overlooked due to the lack of definition of "faith-based," the hesitation of the organizations themselves to acknowledge and embrace their religious character due to public stigma, and as a possible inhibitor to receiving government funding. The lack of data about FBOs emphasizes a "long-standing trend in the social and political science literature to overlook the role of religious actors in the public sphere" (2003). Others go further to describe religious groups as "invisible" in comprehensive discussions of foreign aid and assistance (Hearn 2002).

The growth of the FBO sector mandates academic attention. Increased public-private partnerships, faith-based initiatives and decline of US official development aid has created an environment which allows these groups act under the third pillar of US foreign policy. Thus, as a de facto arm the state, actions of FBOs have important implications for US foreign policy. It is particularly important to study the geographic tendencies of this sector, as it impacts the role of the US in international development.

## 3. Methodology

### 3.1 Definitions

To begin this assessment, a definition of FBOs must be provided. In general, NGOs are characterized by their autonomy from the state, acting as "networks of citizens" with an "explicitly public agenda" (Berger 2003). Specifically, FBOs are characterized as having one or more of the following: "affiliation with a religious body, financial support from religious sources, a mission statement with explicit reference to religious values, and/or a governance structure where selection of board members of staff is based on religious affiliation" (Ferris 2005, 312-313).

It is important to note an important distinction between faith-based and religious organizations. "Faith-based" is a looser definition than "religious organizations," as FBOs may be active in "providing religious services" for the affiliated, but are not confined to exclusively religious activities. Thus, FBO is a blanket term that encompasses a wide range of organizations, from Global Health Action and Habitat for Humanity who are based loosely on Christian values, to Christian Mission Aid whose approach to development is explicitly rooted in religious values, focusing on preaching, church planting, and evangelization.

NGOs take on a specific roles and responsibilities in humanitarian work. Humanitarianism is guided by the principles of humanity, impartiality, neutrality, and independence with an emphasis on helping those whose need is the greatest.[13] While there is diversity between the faith affiliation of FBOs, goals, and sources of funding, many organizations share common core values. Strategies, such as the Do No Harm

[13] Government 491 Seminar Class, Guest Speaker on Humanitarian Aid, September 5, 2008.

Approach are the industry gold standard for methods of operation (Anderson 1999). Many NGOs have also signed on to the Red Cross and Red Crescent Code of Conduct for Humanitarian Work (Ferris 2005). These codes of conduct outline how organizations should operate overseas to ensure that the aid recipient is the first priority.

FBOs were identified for inclusion in the dataset by registration with USAID as a PVOs. All organizations included in this dataset fit the following definition put forth by USAID:

> A U.S. PVO is a nonprofit, U.S.-based nongovernmental organization (NGO) that is incorporated and headquartered in the United States, solicits and receives cash contributions from the U.S. general public, is exempt from Federal income taxes under Section 501 (C) (3) of the Internal Revenue Code, and conducts, or anticipates conducting, program activities that are consistent with the general purposes of the Foreign Assistance Act and/or Public Law 480. (see 22CFR203.2)[14]

In addition, USAID requires eight categories of compliance for registration:

1. US Based headquarters,
2. private and non-governmental organization,
3. 501(c)(3) registered with the IRS, and a mission not "organized primarily for religious purposes,"
4. conducts business and activities overseas,
5. has a board of directors that meet specifications,
6. financial viability,
7. spends no more than 40% of funds on supporting services,
8. and general eligibility, which encompasses the requirements of non-terrorist activities.[15]

Registration with USAID is optional and is not a requirement for IRS tax-exempt status. However, it is required to become eligible to apply for grants, contracts, and other

[14] USAID. "PVO Definitions." http://www.usaid.gov/our_work/cross-cutting_programs/private_voluntary_cooperation/new.html

[15] USAID. "Conditions of registration for U.S. Organizations." http://www.usaid.gov/our_work/cross-cutting_programs/private_voluntary_cooperation/conditions_us_organizations.pdf

programs that enable NGOs to receive government funding or participate in reimbursement programs. These programs include development grants, cooperative development, ocean freight reimbursement, limited excess property, and various global health projects.[16] Added USAID stipulations apply to FBOs only. Referred to as "the Rule," this legal provision serves a dual purpose to both protect FBOs from discrimination on the basis of religious affiliation, and prohibit federal funding of explicitly religious activities.[17]

Using annual reports, InterAction membership data, and other sources, McCleary coded USAID registered PVOS into 14 religion classifications: Mainline Protestant, Roman Catholic, Orthodox, Faith-Founded Christian, Other Christian, Ecumenical, Evangelical, Jewish, Muslim, Hindu, Buddhist, Jain, Interfaith, and other religion (see Appendix 2 for definitions) (2009).

Within the categories of religious affiliation, the FBO sector encompasses a wide range of organizations, from those with an explicitly religious mission, to those with only a heritage based loosely on religious values. McCleary's coding methodology, while accounting for diversity within beliefs does not account for diversity of religious fervor. To detail this diversity in quantitative analysis, organizations were coded into five categories to form a 'religiosity' scale based on Jeavon's seven characteristics of religious organizations (1998). Jeavon notes that religious organizations can be defined based on seven criteria: self-identity; participants; material resources; definition and distribution of power; goals, products, or services; decision-making processes; and

[16] USAD. "PVO Funding Opportunities." http://www.usaid.gov/our_work/cross-cutting_programs/private_voluntary_cooperation/funding.html
[17] USAID . "USAID "Rule" for Participation by Religious Organizations." http://www.usaid.gov/our_work/global_partnerships/fbci/rule.html

organizational fields. He collected these data by examining the rhetoric of both aid delivery and materials aimed at soliciting donations from the public.

I adapt Jeavon's seven categories into five criterion:

1. Presence of a religious person or clergy member in a leadership role of the organization, such as president or executive director, or on the board of directors (captures decision-making processes);
2. Quotes of religious text displayed prominently on the organization's website, annual report, or as part of the mission and values (material resources);
3. Support of projects with a faith component, including bible distribution, bible classes, church planting, religious education, and evangelism (goals, products, or services);
4. Use of religious terms, names, or a "Statement of Faith" on the organization's website, annual report, or as part of the mission and values (self-identity);
5. Religious based criteria for employment and/or volunteering, including the requirement of a statement of faith, description of religious beliefs, or a reference from a religious leader (participants).

It is important to note that by definition, this scale is most useful to capture the diversity existing within Christian FBOs. Non-Christian FBOs do not tend to express their religiosity in ways that are captured by this scale. Berger notes this limitation, stating that "Christian NGOs, for example, tend to focus their mission on charity and emphasize concepts of "God" and "faith"…Jewish organizations, on the other hand, make few references to God or religion, focusing instead on the social justice teachings of the Torah as the basis for their advocacy oriented missions" (Berger 2003). Due to this limitation, I will use the 'religiosity index' exclusively for describing Christian FBOs.

**3.2 Hypotheses**

As discussed in the literature review, the preexisting research is structured in two opposing camps: recipient need ('altruists') versus donor strategic interests ('cynics.') While NGO research is in its infancy, initial results suggest that these private groups are

unaffected by the less than altruistic motives that plague official aid (Nancy and Yontcheva 2006; Koch 2007; Koch et al. 2008; Koch 2009; Buthe et al. 2009). The questions of interest in this research will determine to what degree US FBOs are driven by strategic interests versus recipient need through an examination of five main hypotheses.

**Hypothesis 1: Recipient Need.** Donors, whether the federal government or individual contributors of a much smaller magnitude, give money under the assumption that FBOs choose to serve those most in need. The federal government has justified increased delivery of foreign aid through private organizations because of the commonly held notion that private groups operate with purer intentions. Many organizations tout this attribute in annual reports or on their websites. For example, both Food for the Poor and Hermanidad, operate under the tag line: "Serving the poorest of the poor."

To what extent is this true? I hypothesize that based on their expressed goals, FBOs will be more likely to work in countries with high need. I measure high need by three indicators. First, GDP per capita will be used to determine high need in terms of country level economic output. This basic indicator of economic prosperity is commonly used throughout aid allocation literature.

GDP per capita captures a country level aggregation of economic health, but masks the presence of an unequal distribution of wealth within a country. To mitigate this weakness, the Gini coefficient will also be included as a predictor variable, where zero corresponds to perfect equality and one hundred corresponds to perfect inequality. This

measure of economic inequality will serve as a cross-country comparison of dispersion of wealth.

The third measure captures aspects of quality of life and health. The Human Development Index (HDI) is an indicator produced by United Nations Development Program (UNDP). HDI encompasses all aspects of quality of life, including life expectancy, adult literacy rate, and standard of living. Since GDP per capita is a component of HDI (measuring standard of living), I will include an additional quality of life indicator to verify that the significance of HDI is not due to GDP per capita. Previous research in this field has used a variety of indicators to capture this aspect of need, including child mortality rate (Gang and Lehman 1990) and life expectancy (Schraeder et al. 1998). However, since HDI is the most widely used and holistic measure of recipient need, I will include it in my analysis to compare my results with other studies.[18]

I hypothesize that FBOs are driven by recipient need. I expect all three indicators, GDP per capita, Gini Coefficient, and HDI to be statistically significant. I hypothesize GDP per capita and HDI will have a negative coefficient, indicating that organizations will be more likely to select to work in the country as need increases. I expect a positive coefficient Gini index, indicating that organizations will be more likely to choose to work in areas with high economic inequality.

[18] Note that researchers prefer the Physical Quality of Life Index (PQLI) as a measure of recipient need because it does not include an economic component and this mitigates the problems of using HDI and GDP per capita in the same model estimation. However, PQLI has not been updated since its initial publication in 1979 and I did not have the resources to do so myself.

The following hypothesis will address various aspects of donor interest.

**Hypothesis 2: Maximizing Success.** Faith-based groups, like all NGOs, are constrained by their financial budget. To solicit donations from private donors and win grants and contracts from the federal government, organizations must demonstrate successful results. Organizations must operate strategically to ensure survival. One way of operating strategically is to avoid places that are difficult to work in. These projects may take up too much time and resources and, if unsuccessful, could harm the organization's reputation. I hypothesize that organizations will be more likely to work in 'easier' environments in comparison to 'difficult' ones in order to maximize program success. I define an 'easy' environment as a democratic country with low levels of corruption and high rule of law.

For the purposes of this study, measure of difficulty of environment will be twofold. Indicators of political freedoms and civil liberties have been commonly used throughout development literature to quantify level of democracy. A more democratic society will have the capacity and infrastructure to absorb aid. Moreover, these countries will have security and rule of law to ensure that tangible goods, such as food aid or physical buildings, remain intact and are not destroyed as soon as the aid organization leaves the area. Working in safe environments also minimizes the necessary security costs.[19]

Practitioners and academics are at odds on the effect of governance on aid. Recent academic literature supports that NGOs work in 'easier' environments, as measured by polity scores (Koch et al 2008), while other research finds such indicators to be

[19] Government 491 Seminar Class, Guest Speaker on Security from InterAction, November 14, 2008.

insignificant (Buthe et al 2009, Nancy and Yontcheva 2006). Field research has argued that faith-based groups are the most equipped to work in difficult environments and have a unique capacity to deliver services to those most in need (Dicklitch and Rice 2004; Van de Veen 2002). Policy makers have long supported the view that NGOs can work in the dangerous, difficult environments where others will not. In defending USAID's rational for partnering with FBOs, Terri Hasdorff, the former director of the Office of Faith-based and Community Initiatives, pointed to FBO's unique ability to work in hard environments, noting that, "in many of the difficult contexts in which we work, FBOs have proven to be effective."[20]

Sum of Freedom House scores of civil liberties and political rights, a scale from 2 (most free) to 14 (least free), will be used to measure country level freedoms (Koch et al 2008). I will verify the results using components of the World Bank Good Governance indicators (Neumayer 2003). Scores for political stability, government effectiveness, and rule of law will be included in the dataset as predictor variables.

Three additional predictor variables will be included to capture certain factors that specifically impact FBOs. Due to the potentially divisive nature of religious groups, proselytizing by foreign missionaries is limited throughout the world. Eighty-one countries (forty-one percent of the world's governments) have some sort of legal restriction against proselytizing and/or foreign missionaries. Restrictions range from an explicit ban on proselytizing by a specific group to quotas and time limitations on visas. This data does not include countries which have a total ban on proselytizing and/or

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[20] Terri Hasdorff, September 28, 2006. Testimony Subcommittee on Africa, Global Human Rights and International Operations, International Relations Committee, U.S. House of Representatives. http://www.usaid.gov/press/speeches/2006/ty060928.html

foreign missionaries for all groups.[21] Eleven countries have a total ban on foreign missionaries of any religion.[22] Legal restrictions create an obvious limitation to the capacity for aid by FBOs.

In addition to legal restrictions on FBO, some host countries are more hospitable than others in terms of level of religious freedom. Two rankings by the Pew Forum on Religion and Public life quantify both government and social restrictions on religion. The government measure incorporates legal impediments, such as those on foreign mission groups (as discussed previously), in addition to government favoritism and hostility towards certain (or all) faiths. The social index includes incidents of hostility, terrorism, and tension between and within religious groups. Both indices are on a ten point scale, with zero being most religiously free and ten being least religiously free.

Above all, FBOs are accountable to donors. This consideration affects FBOs more than their secular counterparts. FBOs depend more on private funding to finance their activities in comparison to secular NGOs. Almost 90% of FBO annual revenue in 2005 was from private sources, in contrast to 75% for secular NGOs. These private sources include individual donors, churches, corporations, or grant-makers such as the Gates Foundation or Open Society Institute. At the end of each fiscal year, organizations must be prepared to show some evidence of measureable success. The most accessible of these are visual proof of those they have helped, physical evidence of money well spent. To

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[21] This information is based on Pew Research Global Restriction on Religions. These results are similar to those of the Religion and State Project, The. Ed. Jonathan Fox. Bar-Ilan University. <http://www.biu.ac.il/soc/po/ras/index.html>. They find that 77 countries, or 41% allow foreign missionaries with some restrictions. Note this number does not include countries with explicit bans on foreign missions.

[22] Burma(Myanmar), Iran, Kuwait, Libya, Maldives, Mauritania, Uzbekistan, Turkmenistan, Saudi Arabia, Qatar, and Indonesia

ensure success, FBOs will operate in locations that provide the right atmosphere to achieve those results. I hypothesize that FBOs will be less likely to choose to operate in politically or religiously restrictive environments.

**Hypothesis 3: Cultural Congruence.** Previous literature of official aid supports the hypothesis that governments favor recipients with common cultural backgrounds, such as former colonial ties. According to Berthelemy and Tichit, "alliances based on historical-political ties play a major role in the aid allocation policies" of Western governments (2004). More often than not, aid is funneled to places where the recipients resemble, or share a common past, with the donor.

Past colonial history will be accounted for in with a dummy variable. Previous academic research has included this measure, although more frequently when studying European donors. While the US does not have a significant history as a colonizer, especially in comparison to European nations, it is important to control for countries with strong US involvement. Using Dollar and Levin's coding, I include Panama, Philippines, Haiti, and Nicaragua as US colonies (2006).

Many studies have investigated shared religious beliefs as a measure of cultural congruence. However, no there is no consensus in the literature of the degree of significance of common religious beliefs. Some research finds a religion dummy to be significant (Nielson et al 2008, Younas 2008, Buthe 2009), while others, such as Allesina and Dollar (2000), do not find religion to be significant.

As seen in previous literature, NGOs and official aid prefer to work in countries with common cultural characteristics. Applying this logic to the faith-based sector, I suggest

that FBOs will be more likely to select to work in countries with a high percentage of co-adherents for two reasons. First, FBOs may have a stronger desire to help co-adherents in comparison to others. Secondly, FBOs can work through their social networks and existing infrastructure when operating abroad in countries with co-adherents. As discussed, the ease of transition from purely religious group to non-governmental charity is aided by this preexisting network of believers, often found in all corners of the globe. FBOs formally affiliated with a religion, such as MCC, the religious arm of the Mennonite Church, can work through existing church networks, diocese, or administrative units when selecting where to work. Even groups without official ties to an established denomination work may choose to locate religious leader and funnel money, aid, and projects through them.[23] When working in this manner, recipients may be identified though religious association. Table 1 shows aid allocations FBOs, NGO sector, and ODA. The geographic distribution of country commitments by FBOs closely follows that of the distribution of the world's Christian population.

Cultural congruence will be measured in two ways. To account for shared religious traditions, I turn to measures of religious demography to develop three 'religion match' variables. I obtained data for religious adherence in 2000 from McCleary and Barro (2005). ReligMatch_1 is coded if an organization operates in a country where the majority (50% or more) of the people adhere to the same faith. Similarly, ReligMatch_2 is coded if an organization operates in a country where the plurality of the people adhere to the same faith. Both of these variables operate under the assumption that there is some threshold, or base percentage, of fellow adherents necessary for an organization to select

[23] Rachel Hess, Mennonite Economic Development Associates, Phone Conversation, February 19, 2010.

to work in a certain environment. A third variable, ReligMatch_3, is included without the threshold assumption. This variable is the percentage of same adherents, bounded between zero (no co-adherents exist in the country) and one (everyone in the country adheres to the same faith as the organization). In all cases, I expect a positive coefficient with the predictor variables, indicating that as donor and recipient have more in common at the country level, the donor is more likely to select to work in that environment.

**Hypothesis 4: Persecuted Minorities.** As discussed in the previous hypothesis, I expect FBOs to be more likely to select to work with co-adherents abroad. However, due to the nature of country level analysis, the within country diversity is lost through aggregation. Minority groups, such as the Christian Copts in Egypt, garner significant attention from aid groups in the US, especially those organizations run by members of the Diaspora. However, at the country level, this minority group only accounts for 0.8% of Egyptians. Previous research has also suggested this as an avenue for further investigation (Koch 2009).

The Minorities at Risk data for 2004-2006 is used to identify minority groups that face restrictions on religion. The database contains information of minority groups, notes their religious affiliation, whether it differs from the majority group, and if (and to what extent) the group faces religious persecution. The variable, Minority_1, is coded if a minority group of the same as the FBO exists in the country of interest. I hypothesize that FBOs will be driven to work in countries where their co-adherents are persecuted. I expect a positive relationship with the minority predictor variables if FBOs target persecuted minorities abroad.

**Hypothesis 5: *Non*-Governmental Organization?** More and more organizations are not only accepting government funding, but also relying on this source of revenue for a significant proportion of their funding. Some scholars even go so far to ask if 'non-governmental organization' is even an appropriate term considering so many organizations receive a high percentage of funds from the government, addressing the issue of "dependency" (Smillie 1997). Considering these facts, a natural extension is to question if FBOs are merely "implementers of [back] donor policies" (Nancy and Yontcheva 2006). FBOs have become an essential way to deliver US official aid, acting as an arm of the state in foreign relations abroad. Previous research has indicated that international NGOs prefer to follow the preferences of "back-donors," as measured by ODA aid allocations (Koch et al 2008). Support for this hypothesis is also found in the clustering effects that plague foreign aid. Research indicates find that NGOs are more likely to work where other NGOs and official aid groups are working (Koch 2009). If the US is sending money and workers to a certain area, the clustering theory predicts that FBOs will follow suit.

As discussed, all organizations included in this study's dataset, whether they receive government funding or not, have a relationship with the federal government. By selecting to register with USAID as a PVO, these organizations subscribe to government practices and align to some degree with US policy. I hypothesize that FBO aid will follow official aid. In other words, as the percentage of government funding allotted to a particular country increases, the FBO will be more likely to commit to working in the environments.

To test this hypothesis, official US foreign aid allocations for FY 2005 will be included as a predictor variable. In addition, I include dummy variables for Egypt and Israel. Previous scholars have noted that due to past US involvement, these two countries receive a disproportion amount of aid and favoritism from the United States (Younas 2008). Berthelemy (2006) notes that "the assistance to Israel come, however, for more than 90% from the United States." For this reason, the I add a "USA-Israel" dummy variable. These variables will be used to test if the preference of the US government is indeed a preference for FBOs.

### 3.3 Data Sources and Methods

All FBOs registered with USAID as PVOs during FY 2005 were researched for inclusion in the cross-sectional dataset.[24] All financial information is from the McCleary dataset available online (2009), though it is noted that this data is based on financial information publically available through USAID.[25] All religious affiliation coding is from McCleary (2009). McCleary coded organization using online resources, annual reports, and personal communication with organizations. Of the 543 US based PVOs registered during FY 2005, 179 were identified as faith-based by the McCleary coding scheme. These FBOs account for 38.4% of annual revenue of all registered PVOs and 24.4% of government funding (FY 2005) (see Appendix 2 for further detail).

Through this process of researching each organization included in the McCleary dataset, 22 were no longer in existence, had suspended international programming, or had

[24] Alternate databases of FBOs were investigated, including the Religion and Global Development Database by the Berkley Center for Religion, Peace & World Affairs at Georgetown University and InterAction Member Directory. However, I found the PVO dataset to be the most complete.
[25] Rachel McCleary, Harvard University. http://www.hks.harvard.edu/fs/rmcclea/data.html

merged with another organization. Essential information for coding country commitments was not available. Due to lack of available information, these organizations are not included in the dataset for analysis.

Underlying this research is the assumption that organizations included in the dataset can select to work in any country in the world. The predictor variables will be used to show what factors, whether attributes of the country or characteristics of the organization, make a FBO more likely to work in one country in comparison to another. However, several organizations were formed for helping a specific group of people. Those organizations with an explicit mission statement violate this assumption of geographic selectivity, thus 28 organizations were removed from the dataset for the purposes of analysis. These organizations represent 16% of the all registered faith-based organizations in FY 2005. Examples of deleted organization include Nicaraguan Christian Relief Ministries, Inc. or Coprodeli USA. Each of these organizations was committed to helping only one country.

Insert Table 3 about here

One hundred twenty nine organizations remain after both the deletion of both organizations founded to help specific countries and organizations without information available (see Appendix 5). Table 3 lists summary statistics for both the McCleary dataset and the dataset of interest. Total annual revenue and federal government annual revenue have a similar distribution for both datasets

The dependent variable is country commitment. Information for the dependent variable was obtained from organization annual reports, GuideStar database, and IRS 990

forms.[26] If an organization was involved in a country during FY 2006, this variable is coded as one. All other observations are zeros. I define country commitment as organization supports a project, sends volunteers, has a foreign office, or supports a local NGO financially in the country. Two sections of the 990 form require a listing of country involvements: foreign bank accounts[27] or maintenance of an office abroad.[28] Additional information about country involvement could be gained from schedules of cash and non-cash grants, usually attached as an addendum to the 990 form. Country commitments include both development aid and emergency relief or humanitarian aid. The initial coding strategy was to classify these two types of country commitments separately. In practice, however, this was not feasible due to the lack of publicly available information.

While information on country involvements of FBOs was readily available, funding disbursements at the country or project level were not. The IRS 990 form requires an expense amount for each program.[29] However, descriptions of projects were not sufficient or disaggregated at the country level for many organizations. Only 13 organizations included in the dataset provided a country-level breakdown of funding for FY 2006, either within the IRS 990 form or through annual reports (See Appendix 7 for discussion).[30]

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[26] I gained access to GuideStar information through an unsponsored researcher permit.
[27] Part VI ("Other Information"), questions: 91 a: "At any time during the calendar year, did the organization have an in interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)?"
[28] Part VI ("Other Information"), questions 91 b.: "At any time during the calendar year did the organization maintain an office outside of the united states?"
[29] Part III, IRS 990 form, 2006 version "Statement of Program Service Accomplishments"
[30] American Joint Jewish Distribution Committee, American Leprosy Missions, Floresta, Global Health Ministries, Habitat for Humanity, Healing Hands International, Heart to Heart International, Hope International, Living Water International, Nazarene Compassion Ministries, Opportunity International, The Salvation Army World Service Office, and United Board for Christian Higher Education in Asia.

The lack of allocation information is a limitation of this research. Some scholars, however, think country commitments are superior to allocation data for quantitative research purposes. “Commitments truly describe the allocation process while being untainted by the substantial volatility and instability found in aid disbursements” (Nancy and Yontcheva 2006). Unlike country commitment, allocation data may vary substantially from year to year and reflects “both failure of donors to abide by their commitments, administrative hurdles, and lack of recipient cooperation” (Nancy and Yontcheva 2006, 7). Berthelemy and Tichet (2004) reiterate this view, noting that, “this variable better reflects the donor decisions. Donors have total control of the commitments, compared to the disbursements, which depend in part on the recipients’ willingness and administrative capacity to get the money” (Berthelemy and Tichit 2004, 254).

The dependent variable describes country commitments during 2006. The predictor variables, however, are lagged one year and correspond to 2005. Several studies rationalize the use of lagged dependent variables. Organizations use the previous year’s financial information and country level indicators when making decisions on where to work in the next year (Nancy and Yontcheva 2006, Loud et al 2008).

Total annual revenue is included as indicators of resources available to organizations. All financial data is published by USAID in the Volunteer Agency (VOLAG) publication, with a two year delay. Since 2005 is the year of interest for this study, all financial information can be found in the 2007 VOLAG publication. Annual revenue provides an obvious constraint on the geographic distribution of an organization. Those with more money have the financial ability and power to operate in more countries

around world. Revenue of FBOs comprises a significant portion of PVO revenue. In FY 2005, the 543 PVOs registered with USAID had an annual revenue of $23.6 billion. FBOs account for over one-third of the sector revenue (38.4%), with $9.1 billion.

Similar to the NGO sector in general, a few organizations dominate the industry. 20 FBOs have total revenue greater that $100 million in FY 2005. This high revenue segment of the industry is dominated by predominantly Christian organizations, such as World Vision and Catholic Relief Services. In fact, the largest U.S. based international aid organization today is World Vision, with over $1 billion in annual revenue.[31] These 20 organizations account for 74% of the entire FBO sector and 79% of the government funding allocated to the FBO industry. Additionally, these organizations are big players in the non-profit sector in general. The 20 organizations even make up a substantial portion of NGO revenue in general, accounting for 28% of PVO revenue. Due to the skewered distribution of revenue, I take the log of total annual revenue.

One-hundred and fourteen countries are included in the dataset. This study follows in the country selection methodology of Younas (2008), Nancy and Yontcheva (2006), and Burnside and Dollar (2000) (See Appendix 4). Development Assistance Committee (DAC) donor countries are not included in the dataset. Interesting countries, such as Afghanistan and Iraq, are also not included for analysis due to lack of reliable development indicators. Typical imputation strategies for values such as population or GDP are not possible. Therefore, countries with missing indicators are not included in the analysis.

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[31] Nicholas Kristof. "Learning from the Sins of Sodom." New York Times, February 27, 2010. http://www.nytimes.com/2010/02/28/opinion/28kristof.html

This cross-sectional dataset only describes country commitments during one year. Shocks, such as natural disasters, cause an outpouring of aid beyond what is initially budgeted. This is of important consideration since coding of the dependent variable accounts for organization involvement for both development work and emergency aid and relief efforts. Without the natural disaster, the country most likely would not receive the attention by the US NGO community or official aid organizations. A dummy variable is included to account for 2004 Indonesian Tsunami, 2005 Kashmir Earthquake (coded for Pakistan), and 2006 Southern Leyte Mudslides in the Philippines.

Throughout this analysis, the unit of observation is the organization's decision to operate in a country. Each observation describes the individual decision by each organization to work in a specific country. Research discussed in the literature review studies the allocation process, which consists of two stages: first the organization select or commit to working in country, secondly, they decide how much to allocate to the country. The dataset studied in this paper only describes the first stage of this process, using a dichotomous, bounded dependent variable. Binary logistic regression is the appropriate model to estimate the first selection process. Estimates for the allocation model including 15 organizations and can be found in Appendix 7.

# 4. Results

## 4.1 Country Selection Stage

I begin the analysis by investigating the first stage of the aid allocation process, selection of recipient countries. As described, the dataset describes the involvement of 129 organizations in 114 countries. The dyadic nature of the dataset yields 14,706 observations (country x organization). The dependent variable takes the value of 1 when an organization is active in the country during 2006, and zero otherwise. The base model includes the predictor variables of GDP per capita (logged), population (logged), disaster dummy, and total annual revenue (logged). I employ a logistic regression model to fit the data. Column 1 of Appendix 6 lists the coefficient and p-values for the base model. The base model correctly predicts 87.03% of the observations, where a predicted probability of .5 or greater corresponds to a predicted dependent variable of 1. The Pseudo $R^2$ value of .0991 indicates that the predictor variables account for 10% of the variance. While this measure of model fit is low in comparison to typical OLS $R^2$ values, note that Pseudo $R^2$ values are characteristically low in logistic regression models (Hosmer and Lemeshow 2000).

All predictor variables included in the base model are highly significant. As hypothesized, GDP per capita has a negative sign. Increasing GDP per capita by $1/capita decreases the odds of selecting to work in a country by 22%. The dummy variable to control for the presence of a catastrophic natural disaster was also significant. The occurrence of a disaster increases the odds of working in a country, regardless of

other, factors by 40%. This indicates that FBOs are responsive to unexpected shocks of emergency relief and aid.

The population variable is slightly more difficult to interpret. In previous allocation research, this variable typically has a negative coefficient, indicating that larger countries receive less aid per capita than smaller countries. In other words, larger countries obtain more gross aid, but at a diminishing level (Buthe 2009, Isenman 1976, Betherlemy and Tichit 2004). Additionally, ODA research indicates that donors bias aid commitments against larger countries (Younas 2008). However, a positive coefficient can be explained in the context of a selection model, in comparison to an allocation model. As population increases, there are more communities and people to serve as potential recipients for faith-based aid. Simply, a larger country with more people has more possible to work and people to help.

Finally, organization revenue is positive and highly significant. This indicates that as available funds increases, FBOs are much more likely to select to work in a country. The high significance of this variable and its coefficient may be interpreted as organizations overall want to increase their global presence as funding increases, rather than concentrate their efforts in one country or geographic area. From the base model's results, I conclude that faith-based organizations favor involvement in large, low-income countries.

The following columns of Appendix 6 show the results of the five hypotheses.

**Hypothesis 1: Recipient need.** Results relating to recipient need can be found in columns 2 through 4. In total, recipient need as a motivator of aid is supported for economic measures of need. Both the Gini Coefficient and GDP per capita are significant variables in describing selection of country level aid recipients. In terms of recipient need, the findings indicate that GDP per capita alone is inadequate to explain country selection. The coefficient of GDP per capita remains stable and is negative and statistically significant as described above in the base model.

First, I replace GDP per capita with two alternate measures of recipient need, Gini coefficient and Human Development Index (HDI). Using the Gini Index as the sole measure of recipient need is significant at the 1% level with a positive coefficient. This indicates that FBOs are more likely to work in the country as economic inequality increases (column 3). HDI is statistically significant as well, with a negative coefficient, when replacing GDP per capita as the measure of recipient need (column 2). FBOs are more likely to work in a countries with low levels of development.

Next, the Gini coefficient and HDI are tested jointly with GPD/capita (column 4). Both the Gini coefficient and HDI are significant in this model. As when tested alone, the Gini coefficient has a positive coefficient, indicating that for each one unit increase in economic inequality, the odd of selecting to work in the country increase by 4.8 percent.[32] However, when controlling for GDP per capita, the relationship between HDI and the dependent variable reverses. For each 10% increase in HDI, the odds of working

[32] Note that Gini Index is between 0 and 100, where 0 indicates perfect equality and 100 refers to perfect inequality

in a county increase by 30%. I suggest that this inconsistency is due to the composition of HDI. As stated in the hypothesis section, HDI is composed of three measures: GDP per capita, life expectancy, and level of education as measured by school enrollment and literacy. When this measure is included as a predictor variable in the regression equation in lieu of GDP per capita, it takes a negative relationship, due to the economic component. When GDP per capita is controlled for, the relationship reverses, indicating that NGOs prefer to work in environments with low levels of economic well being (as measured by GDP per capita and Gini coefficient relationship), but high levels of development. This result indicates the hypothesis holds for economic indicators of recipient need.

To further investigate the results of hypothesis 1, two additional indicators of recipient need are used to verify the robustness of the results. Both gross primary school enrollment and life expectancy rates are used in the literature as a measure of recipient need (see Berthelemy and Tichit 2004). Unlike HDI, neither of these two indicators encompasses an economic measure. Using these two indicators isolates the effect of each component of HDI variable. When used jointly with Gini Coefficient and GDP per capita(logged) in place of HDI, both life expectancy and gross primary school enrollment are significant at the 1% level with a positive coefficient (column 3a) The sign indicates that FBOs are more likely to select to work a country as either life expectancy or primary school enrollment increase. This finding runs counter to the hypothesis of selecting to work in areas with high recipient need. This finding may indicate FBO's preference to work in areas with high capacity. As development increases, countries may

have the infrastructure to use the aid delivered by FBOs, in comparison to countries with lower levels of development. [33]

The significance of both the Gini coefficient and components of HDI jointly with GDP per capita indicates that FBOs primarily consider economic measures of recipient need. FBOs are responsive to economic measures of recipient need, selecting to work in areas with high economic inequality and low GDP per capita. However, the findings for the non-economic components of HDI run counter to the claims of FBOs. Broader, holistic measures of poverty and development, as measured by primary school enrollment and life expectancy do not support the hypothesis.

**Hypothesis 2: Maximizing Success.** Results related to ease of working environment can be found in columns 5 - 8. First, the sum of Freedom House scores for political rights and civil liberties is used as the sole measure of ease of working environment. Use of Freedom House data reveals that a one point decline of either political rights or civil liberties results in a 7% decrease in the odds of selecting to work in a country. There are several implications to this finding. Increases in civil unrest, corruption, or violence deter FBOs. Instead, FBOs prefer to work in more politically free environments, as captured by the Freedom House methodology.

Next, measures of both government and social restrictions of religion were tested individually (columns 6-7). The results indicate significance at the 1% level. As shown by the negative relationship, FBOs are less likely to work in environments as restrictions on religious freedom increase. A one point decrease in either government or social

[33] Note that almost 35% of observations are missing for the primary school enrollment variable (N=9417). For this reason, life expectancy will be used in further model specification and testing.

measures of religious freedom decreases the odds of selecting to work in a country by 15% and 5%, respectively. Significance of the religious freedom predictor variables indicates that FBOs may take additional variables into account when selecting where to work in comparison to their secular counterparts.

Measures of religious freedom were tested jointly with measures of political rights and civil liberties (column 8). An additional dummy variable to control for a ban on foreign missionary groups is also included. Coefficients for Freedom House and the social measure of religious freedom variable are statistically insignificant.[34] In contrast, the two measures of government restriction on religion are significant at the 5% level, indicating that governmental measures on religious freedom are better predictors of FBO country selection than political measures. A ban on foreign missionaries by the host government decreases the odds of selecting to work in a country by almost 40%. The coefficient on government restriction of religious freedom remains consistent as when tested individually. This finding supports that not only that faith-based groups primarily operate in environments that are hospitable to their religious message or evangelism efforts, but these factors trump those of political rights, civil liberties, and good governance. FBOs can work most efficiently and optimize their resources in these environments. Alternatively, this finding may indicate that FBOs reward positive changes in political rights, civil liberties, or religious freedom with more aid. Additional data encompassing multiple years is needed to investigate this possible explanation.

[34] Three alternate World Bank Good Governance indicators were included in place of the Freedom House variable as a robustness check of measures of the ease of the environment. Only Rule of Law is statistically significant when used in place of Freedom House variable, with negative coefficient of -.207, p-value=0.00

The results for the total organization revenue predictor variable also give insight into the hypothesis on working environment. The total annual revenue (logged) predictor variable is highly positive and significant throughout the hypothesis testing. Spreading revenue throughout various projects helps an organization cover their bases in some respects. If a certain project fails, the organization has numerous other activities and commitments in other geographic areas to demonstrate success. Wide geographic dispersion of country commitments is one way the organizations maximize success and demonstrate good use of donor funding.

**Hypothesis 3: Cultural Congruency.** The results for cultural congruence are shown in columns 9-13. First, the best measure of shared religious tradition was determined. The three religion match variables (majority coding dummy, plurality coding dummy, or interval measure) were tested using logistic regression. ReligMatch_3, the percentage of shared religious adherents in the recipient country, yielded the best model (column 11). While all three measures of shared religious tradition were significant and positive, ReligMatch_3 was most significant in hypothesis testing, maximized pseudo $R^2$ value, and minimized the Schwarz information criterion (BIC).

ReligMatch_3 has a positive coefficient in the model. As the proportion of same adherents increases by 10% of the population, the odds of working in a country increases by 17%. Additionally, the odds of an organization working in a country with a religiously homogenous population of same adherents is almost 400% more likely to in comparison to a country with no persons practicing the same faith. This finding supports the hypothesis that FBOs prefer to work in environments with shared cultural values and religious traditions. However, it should be noted that there is no threshold required to

operate in a country. For example, 45% of all country commitments by Christian organizations are in countries with less than 10% Christians. Shared religious tradition increases likelihood of country selection, but not a requirement for involvement.

In addition to the impact of the religious tradition of the recipient country, past colonial history was also controlled for. Like the religious measure of cultural congruence, the dummy variable for past colonial history is positive and highly significant. The odds of a FBO working in a country with past US involvement in contrast to a country is 274% more likely in comparison to a country without past colonial history (column 12). The sign and statistical significance of the colony dummy and religious match variable remain stable when tested jointly (column 13). With the inclusion of the colonial dummy, the disaster dummy variable becomes insignificant. This result suggests that cultural congruence trumps catastrophic shocks, at least for the year of interest of this study. However, a more rigorous analysis is needed to determine if disaster aid is truly 'agnostic' to cultural affinity while development, and long-term, aid is indeed not.

**Hypothesis 4: Persecuted Minorities.** The results for persecuted minorities is shown in column 14. The academic measure of religiously persecuted minorities was tested using data from the Minorities at Risk Project at the University of Maryland. This dummy variable measure of minority was found to be significant and had a positive coefficient in the regression equation, indicating that organizations would be more likely to work in a country a persecuted minority group that shared their faith affiliation (column 14). Alternate measures of minority persecution and additional data at the project level are needed to verify this result. Additional data at the project level is necessary to identify the

religious demographics of the recipients and investigate this hypothesis further. Formulating a model to capture the correct factors to describe an organization working with a minority, persecuted group within a country is very complicated to model. The country level model here is not adequate. Additional information at the project level is necessary to identify specific aid recipients.

**Hypothesis 5: Non Governmental Organizations?** Results for the role of US preferences in foreign aid can be found in columns 15-18. To test if US based FBOs are influenced by US official aid disbursements during the previous year, I include US foreign aid allocations for FY 2005 as an explanatory variable in the model. As hypothesized, there is a statistically significant, positive relationship with this variable. For each increase of $100 million in official funding, the odds an FBO selects to work in the country increase by almost 15%. Note that the OECD dataset used as the source for US official development aid does not contain information for US aid to Israel. Since this data value is essential examining this hypothesis, another source of information was used to impute the value. A Congressional Research Service on US aid to Israel was used to determine the amount of economic aid delivered to Israel during FY 2005: $357 million (CRS 2009).

Two additional dummy variables for Israel and Egypt were also included to account for US biases. However, the results indicate that this these preferences do not apply to FBOS. When controlling for other explanatory variables, FBOs do not prefer to work in Egypt. The dummy variable is has a negative sign and is statistically significant at the 1% level. The dummy variable for Israel is statistically insignificant when tested as possible explanatory parameters in the model. This finding indicates that while FBOs are

more likely to become involved in countries receiving US aid, they do not exhibit the same bias towards Egypt and Israel, in comparison to as official aid.

**4.2 Selected Model.**

I select the best model using stepwise regression (both forward and backward). Measures to compare models, including pseudo $R^2$ and information criteria indicate this is the preferred model. As the results indicate, there is no single indicator that can accurately model the country level recipients of aid from FBOs. The full model incorporates a combination of recipient need, cultural congruency, measures of religious freedom, and official aid allocation, which are all statistically significant at the 5% level (column 19).[35] Note that the variables for GDP per capita (logged), population (logged), revenue (logged) remain robust throughout various model specifications and the coefficients remain stable and highly significant. Shared religious tradition is a significant motivator in country selection, similar to previous research by Koch et al. (2008) and Buthe et al. (2009). Similar to previous studies, I verify that FBOs prefer to work in freer environments, in respect to governmental restrictions on religious freedom. This finding is similar to the preferences of NGOs to work in democratic countries (Koch et al 2008) with low levels of militarization (Nancy and Yontcheva 2006). I verify the evidence of Koch et al that the allocation of foreign aid by the FBO host country is a significant motivator. This finding is in contrast to Nancy and Yontcheva (2006). In terms of comparing the FBO sector to NGOs in general, I find evidence to support that faith based

[35] Note that I repeat the hypothesis testing for the observations in the full model (N=10578) to verify missing observations are not driving the findings. I obtain similar results

groups are motivated by similar factors. Moreover, this finding holds when considering an expanded sample that includes both newer and smaller revenue organizations.

**4.3 Post Estimation Diagnostics.**

Two methodological issues created problems when modeling the data: inflated N value and over-dispersion of the dependent variable. The unit of analysis for this research is the organization's decision to operate in a country. Each organization must make 114 decisions, to select to work (or not work) in any number of countries. The dataset thus consists 14,706 of dyadic organization-country observations. The implication of inflation of sample size is spurious inferences and thus an increase in the probability of Type I error (rejecting the null hypothesis when it is true). Other studies have also suffered from inflated observations. For example, several studies analyze three-dimensional panel datasets (year x donor x recipient). Berthelemy uses a dataset consisting of almost 60,000 observations (2006).

Additionally, the dependent variable is zero-inflated. Over dispersion of the dependent variable has not been a methodological issue for ODA research. For the US official aid allocation, 90% of countries receive some degree of foreign aid. However, this is an issue for modeling private aid commitments. The mean number of country commitments per organization in this dataset is 14.73.These organizations operate with comparatively fewer resources and more constraints, which results in increased country selectivity (Dollar and Allesina 2000, 42). In this dataset, more than 80% of the dependent variable are zeros.

To verify my findings, I sample from my dataset. I randomly select 50% of observations where the dependent variable takes the value of one. I do the same for observations were the dependent variable equals zero. I append these two subsets, forming a new dataset and repeat analysis for the full model. I repeat this sampling procedure 100 times. The mean pseudo $R^2$ value is .1166, with 5371 mean number of observations. The significance for dummy variables for Egypt, persecuted minorities, and Freedom House are inconsistent throughout this testing. The coefficients and significance levels for the other variables included in the full model (column 19) remain stable.

Regression diagnostics indicate that the full model is not sufficient as a predictor of where FBOs select to work. Several assumptions are made when performing logistic regression, including that the true conditional probabilities are a logistic function of the independent variables, no important variables are omitted (specification error), no extraneous variables are included, absence of measurement error, and the inclusion of independent observations and linearly independent explanatory variables (Long 1997).

To check assumptions, I test for the presence of specification error using a link test for single-equation models. The test adds both the predicted value and the predicted value squared to the model. For a model with no omitted variables, the predicted value will be significant, but the predicted value squared will be statistically insignificant. For the full model, the linktest output shows significant value for predicted value squared, so I fail reject the hypothesis that I have omitted variables. A necessary predictor variable has not been included in the full model, violating the assumptions. The Hosmer and Lemeshow test was also performed to assess the goodness of fit of this model. The null hypothesis for this test is that the model is a good fit. For the full model (p-value=

0.0525), I reject the null hypothesis that the model is a good fit at the 90% confidence level.

Additional tests for multicollinearity indicate problems with both GDP per capita(logged) and HDI. The variation inflation factor (VIF) for these variables is 7.28 and 7.65, respectively. If the predictor variables are orthogonal to one another, or uncorrelated, then VIF=1. High values demonstrate that these variables may be correlated. This result is not surprising. As discussed previously, GDP per capita is a component of the Human Development Index. To address this issue, a life expectancy, a non-economic components of HDI is included in place of the complete HDI indicator (column 20). Replacing HDI with life expectancy results in VIF values of 2.99 and less for all predictor variables, indicating no serious problems with multicollinearity. The Hosmer and Lemeshow was test performed again on the new model. The findings indicate that this model is a better fit than the previous specification. Replacing HDI with life expectancy results in p-value = 0.0967. I fail to reject the null hypothesis that the model is a good fit at the 95% confidence level. However, addressing the collinearity issues does not solve the problem of missing predictor variables, as the test for specification error is still significant. An examination of the residuals plotted versus the fitted values indicates that they are not white noise.

Based on the regression diagnostics this is not the appropriate specification to model FBO behavior and cannot be used to predict where organizations will select to work. However, the results are useful to compare the influence of certain predictor variables and their effect on the FBO decision making process.

Throughout the analysis, I have made one large assumption in this cross-sectional model: FBOs have identical motivations. In the context of this research, I assume that each organization is identical and acts in a similar manner when selecting what countries to work in around the globe. Under this assumption, I am able to perform the above cross-sectional analysis with the expectation that all units of analysis are the same. However, there is much evidence that my analytical approach is omitting the diversity that exists within the faith-based sector (see Berthelemy 2006 for discussion). If this assumption is incorrect, this cross-sectional analysis may suffer from unobserved heterogeneity. To test for the presence of unobserved heterogeneity, additional, time series data is needed to form a panel dataset. However, this information is not available. To mitigate the issues modeling issues of this cross-sectional model, I perform a within sector analysis and investigate the degree to which FBOs have homogenous aid commitments at the country level. In the next sections, I will discuss possible, qualitative factors and variables that are also influential in the decision making process of FBOs.

### 4.4 Within-Sector Analysis

This section of analysis will be performed in two parts. First, I will investigate variation in country commitments by several organizational characteristics, including revenue, percentage of government funding, rhetoric, and affiliation. Based on these findings, I devise criteria for examining FBOs in the following implications section

**Total Annual Revenue and Age.** As discussed in the literature review, diversity based on revenue of organizations is ignored in previous research. Studies in this field investigate larger, established organizations, making the assumption that smaller organizations follow suit and have similar motivations and organizational characteristics

that result in making decisions in an identical manner. The FBO industry, like the private aid sector in general, is dominated by a handful of organizations, but smaller groups do comprise a significant portion of the sector in terms of revenue. If a similar argument had been used for this research, 158 organizations, almost 90% of the dataset, would be excluded from analysis by definition (using a cutoff point of $100 million). The 'smaller' organizations command roughly a quarter of the sector, accounting for $2.3 bill in annual revenue and over $200 million in government funding. In terms of country commitments, the 'smaller' organizations have 1,424, or 75%, of country commitments. Individually, these smaller organizations are insignificant. However, as an aggregated block, they command too many resources to be ignored from analysis.

Eliminating smaller organizations in terms of total revenue from the sample also biases the sample towards older organizations. Age and total annual revenue (logged) are positively correlated ($\rho = 0.36$, statistically significant at the 99% confidence level), indicating that the older the organization, the higher the annual revenue. Older, higher revenue organizations may act differently from smaller, newer organizations. First, older organizations have had time to develop a reputation. In order to maintain their reputation and sustain funding from individuals, private donors, and federal sources, these organizations may be more likely to make safer choices. These 'safer' choices may include working in 'easier' environments and partnering with other organizations in order to diffuse blame in the case of failure. They may be more likely to select to operate in countries with low levels of political violence and with the political capital to use the aid delivered. Operating in this manner maximizes the probability of project success (see Kreps, 1990 for discussion).

Secondly, many older organizations have been involved in some countries or regions for many years. The historical roots of an organization and its initial endeavors in many cases still influence where an organization works today. Bebbington describes the role of Catholic FBOs working in Latin America (2004). In his research, he profiles Cordaid, which began working in Latin America through missionaries work. The geographical distribution of the organization today can be explained by the Cordaid's past projects. Thus, partnerships that began in the infancy of an organization still influence the relationships and projects an organization supports today (Bebbington 2004).

In contrast, new, start-up organizations must find a way to attract donors. One way to do this is to take risks and operate programs in dangerous locations. Taking on programs in dangerous and volatile areas not only garners attention, but also the achievement of success in difficult environments may open up new funding opportunities, partnerships with established organizations, or federal government grants and contracts. For example, World Help, a young, evangelical organization, heavily publicizes their programs in Iraq and North Korea, displaying the information prominently on their website and featuring testimonials in annual reports.[36] By using this type of rhetoric, an organization implicitly claims superiority over other organizations that may operate in more developed or stable environments.

Insert Table 4 about here

[36]World Help was founded in 1991 and has total annual revenue of $22 million (FY 2007). https://www.denarionline.com/DONORSERVICES/TEMPLATEPAGE.ASPX?COMP_REF=_WORLDHELP&CONTENT=GIVINGOPTION&DS_GO_REF=_2EX0Z2UBZ

When it comes to making decision on where to work, do these smaller, newer organizations behave like their older, richer counterparts? There are several findings on the effect of age and revenue on country selection. When examining the relationship between age and the region of country commitments, I find that older groups most active in Europe (Table 4). Older organizations are slightly more likely to work in Europe, in comparison to newer organizations. This finding may be explained by history. Historically, many older, US based FBOs were founded in the wake of WWII for the explicit purpose of aiding victims of the war (McCleary 2009; Ferris 2005, 314). In this way, the increased number of country commitments may reflect the organization's initial purpose. The lack of statistical significance of the result may be attributed to the country sample. 'Risky' or 'hard' countries, such as North Korea, Iraq, or Afghanistan are not included in the sample.

Insert Table 5 about here

Older FBOs are also involved in more 'high' developed areas (Table 5). There is a 7% effect of age on country commitments in highly or very highly developed regions. As described earlier, older organizations are more established and have a reputation to preserve. Working in highly developed regions is an 'easier' environment. Highly developed areas not only have infrastructure in place to make the logistics of delivering aid easier, but also these regions may be more responsive to aid. An alternate explanation of this finding may be that the presence of development aid over time has caused an improvement in development status. However, this research is not designed to evaluate the effectiveness of aid.

## Government Funding

*"Federal rules will envelop these organizations. They'll begin to be nurtured, if I can use that term, on federal money, and then they can't get off of it. It'll be like a narcotic. They can't then free themselves later on."*[37]

- *Pat Robertson, Operation Blessing International*

As discussed, the size of the organization, in terms of annual revenue, is an important consideration when investigating country commitments. A natural extension of this question is to examine the origin, either public or private, of these funds. The use of federal funding incurs additional regulations and stipulations on how those funds may be spent. Often, organizations are allotted funding for specific projects or programs. In comparison, private funding is flexible. Organizations may use undesignated funding in a discretionary manner. The proportion of public to private funds, or structured to undesignated funding, may impact the way that an organization acts. Organizations that do not receive federal funds may have more freedom to choose the projects, programs, and locations that best suit their organization, while federally funded organizations may be at the will of USAID preferences. Alternatively, an FBO funded primarily by a private religious group may be forced to fund projects that reflect donor wishes. Strings attached to funds, such as designating funds to a particular cause may tie an organization's hands and limit geographic choice in project selection.

Government funding divides the faith-based sector roughly in half. Fifty percent of the FBOs included in this analysis (65 of 129) do not receive any form of federal government funding, either in the form of grants, contracts, or programming discounts. All organizations included in the dataset have met the basic qualifications to apply for

[37] Bill Sizemore, "Gaining Faith in Federal Funds," January 16, 2006. The Virginia Pilot http://hamptonroads.com/node/49321

government funding through the PVO registry process. Why, then, do 50% choose not to?

Several factors influence an organization's decision to apply for federal funding. First, FBOs must have resources, in the form of staff, funding, and time to apply for federal funding. In a personal interview with the executive vice president of a Christian FBO with annual revenue of $38 million (FY2007), this factor was aptly described as, "it's expensive to get money."[38] In this manner, organization revenue may act a limiting or exclusionary factor. Organizations must reach a threshold of minimum revenue and resources to apply for government grants and funding. The interviewee noted that his organization is interested in several projects funded by the USAID. He argued, however, that his organization could not compete with the larger aid organizations that have professional grant writers on staff. Additionally, another development practitioner noted that many of the larger organizations with existing contracts are asked or invited to apply for a specific grant or project.[39] Even USAID recognizes this limitation, noting that, **"**we were doing much larger grants and it made it very difficult for small organizations to enter into a relationship with us."[40]

Secondly, there is not much overlap between the mission and values of many organizations and the projects supported by USAID. According to one development professional, USAID supports "sexy" projects, concentrating mostly on the development priorities de jure in high profile areas, such as HIV/AIDS programming.[41] He noted that

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[38] Christian Relief Services, Phone Conversation, February 24, 2010
[39] Rachel Hess, Mennonite Economic Development Associates, Phone Conversation, February 19, 2010
[40] Karen Turner, Director, Office of Development Partners, USAID. "CFBCI Breakout Session." November 7 2008. http://www.usaid.gov/our_work/global_partnerships/fbci/docs/1203usaid-faithbased-opening.doc.
[41] Christian Relief Services, Phone Conversation, February 24, 2010

there was little in common of between the project supported by the federal government and those supported by his organization. Additionally, US foreign aid tends to be concentrated in certain geographic areas. As seen in Table 1 from the introduction, FBOs have a broader regional distribution and concentrate more of their efforts in the Americas in comparison to US official foreign aid.

Third, by accepting federal funding, an organization must consent to restrictions on evangelism and other religious practices. As discussed previously, USAID prohibits the federal funding of "inherently" religious activities. Activities, such as proselytization, bible worship, and church services, must be separated by "time or location" from USAID funded activities.[42] Through accepting federal funding, faith-based organizations agree to play by the rules stipulated by USAID. For organizations with overtly religious mission and values or with projects that include bible distribution, church planting, and religious education, these rules are impossible to follow. Moreover, some development workers and missionaries view spreading the faith as an essential tenet of their faith, and their inherent right. According a personal interview with a development official at an evangelical organization, the limits by federal funding translate directly into limits on the ability to spread their faith. [43] However, note that there is no difference in the religiosity of government funded organizations in comparison to those that do not receive government funding. The average index value for government funded Christian groups is 2.09, in comparison to non-government funded, 2.16 (p-value=.791).

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[42] USAID. "USAID "Rule" for Participation by Religious Organizations." http://www.usaid.gov/our_work/global_partnerships/fbci/rule.html

[43] Cyrus Mad-Bondo, Director of Africa Programs, World Help, In-person Interview, February 12, 2010, Forest, VA.

Other organizations reject federal funding on a non-religious basis. In a personal interview, two development officials at a Christian FBO both cited the waste of federal funding as their organization's reason for not applying for USAID funding. A development practitioner at Christian Relief Services cited a statistic that 80% of all USAID money stays inside the US, through means such as shipping discounts, packaging, farm discounts, and credits. On this ground alone, she did not want her organization to be associated with the "politics behind it [federal funding]."[44]

Overall, organizations that receive government funding are more involved in international development. Of the 129 organizations included in my dataset, 62% of the country commitments are supported by organizations that receive some measure of government funding. Next, I go on to examine the effect of dependency on government funding on both the region and development status of recipient countries. What effect does this distinction have on where organizations select where to work? Are organizations with higher levels of government funding more likely to follow official aid and federal government priorities in comparison to private FBOs? Or do all organizations follow similar patterns?

Insert Table 6 about here

As the percentage of total annual revenue originating from federal sources increases, country commitments to Africa also increase. Organizations with a high degree (more than 20%) of government funding are more likely to work in Africa than other

[44] Sarah Curry, Christian Relief Services, Phone Conversation, February 24, 2010.

government funded organizations (Table 6). FBOs with a high degree of government funding may reflect the US foreign aid budget and the foreign policy priorities of the US.

Insert Table 7 about here

Increased attention towards Africa for recipients of government funding may be due to US foreign aid priorities. Africa contains the two top recipients of US foreign aid allocations in 2005, Sudan and Ethiopia. Table 7 shows the number of aid commitments for the top recipients of US foreign aid by whether the FBO received federal funding during FY 2005. The majority of aid commitments in both countries are by federally funded FBOs. Note however that these results are not statistically significant (p-value=.294).

An additional explanation for the higher amounts of country commitments in Africa for government funded organizations may be official government aid programs.[45] The President's Emergency Plan for AIDS Relief (PEPFAR) committed $15 billion dollars in health related aid projects during the year of focus of this study. The 12 of the 15 "focus countries" are included in the sample and in the Africa region.[46] Religious groups garnered a significant amount, close to 25%, of contracts to distribute the aid and run HIV/AIDS programs in the target countries.[47] The faith-based winners of the largest contracts include Samaritan's Purse, HOPE Worldwide, World Relief, World Vision, and Catholic Relief Services, which are all included in the dataset. These organizations are all

[45] This finding may also be confirmed by the greater number of health related projects supported by FBOs in comparison to secular organization, see Table 2.

[46] Botswana, Côte'Ivoire, Ethiopia, Guyana, Haiti, Kenya, Mozambique, Namibia, Nigeria, Rwanda, South Africa, Tanzania, Uganda, Vietnam, and Zambia

[47] PEPFAR. "Focus Countries." http://2006-2009.pepfar.gov/countries/c19418.htm

government funded. This surge of funding, which occurred over the year of interest in the study, may explain the increase of project commitments to Africa. This table indicates that there may be a threshold present (greater than 20% government funded) to be a viable candidate for these projects. [48]

Increased attention in Africa may be attributed to both official US foreign aid allocation and US foreign relations. As seen in the regression analysis, the variable for US aid allocations during 2005 was a significant predictor variable. This finding suggests that the greater the degree of dependency on the government for funding, the less "non-governmental" the organization becomes and the more the organization reflects the priorities of the state. These results suggest that hypothesis 5 is particularly supported for organizations that receive a high degree of government funding.

Insert Tables 8 and 9 about here

Federal government priorities provide opportunities for funding and projects in areas of interest to the state. It has been shown in the selection model that federal government funding is an important factor to consider and a significant variable to consider. However, there is no statistical difference between USAID funded groups and private groups, in terms of region or development ranking. Tables 8 and 9 display the number of country commitments by organizations that receive federal funds in comparison to their entirely private counterparts. The chi-squared test confirms the lack

[48] The US government also funded the President's Malaria Initiative during 2006, allocating $1.2 billion to 15 African countries. However, the program was only in Angola, Tanzania, and Uganda during 2006.

of any statistical difference between the two groups in terms of their geographic presence, with p-values 0.981 for by development and 0.743 for region of operation, respectively.[49]

This finding may be due to the presence of subcontracting within the FBO industry. Subcontracting, or sub-partnering, is prevalent throughout the aid industry (Richmond 2005). While an organization may receive federal funds directly, they may be partners or contractors on a project that is government funded. For example, Five Talents does not receive government funding. However, the organization partners with two government funded organizations, World Relief and World Concern to run their micro-credit program in Southern Sudan. Five Talents is not the primary recipient of USAID funding, however the organization may benefit as a secondhand recipient of federal funds.[50]

My findings do not allow me to reject the term "non-governmental" organization when describing FBOs (Smillie1997). I also repeat the regression analysis twice for hypothesis 5, once for the sample of organizations which receive government funding (N=7,752), and again for those organizations that do receive federal funding (N=6,954). I find similar results for both samples. Regardless of whether an organization receives USAID funding or not, I find the variable for official US foreign aid allocation to be significant at the 5% level.

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[49] The test was repeated for an examination of solely US government grants and contracts (excluding all revenue acquired through various discount programs including P.L.480 food surplus allotment, U.S. government freight, and excess property given by U.S. government. I find a similar result of no difference between those that receive government grants and contacts and those that do not.

[50] Five Talents. "Five Talents Announces new Micro-credit program in Southern Sudan." January 18 2008. http://www.fivetalents.org.uk/pdfs/Jan07Sudan.pdf

US foreign aid allocation is a necessary predictor variable when modeling the geographic selection of US based FBOs. However, there is no difference in the geographic preferences by region or development status for organizations that are funded by USAID or other federal government programs and those that are not. A similar statement can be made for the role of private aid. Organizations that are fully funded by private entities, whether it be individuals, corporations, or churches, act in a similar manner to those that depend on federal sources for revenue. From this finding, I infer that the amount of 'flexible' funding has no impact on the geographic distribution of country commitments.

One caveat of this finding is sample bias. All organization included in the analysis have registered with USAID and in some respects, submitted to the authority of the state. Through the PVO registration process, these organizations may be more likely to follow US government funding and foreign policy, regardless of whether they are the recipients of USAID money or not. A more complete sample of faith-based organizations is needed to ensure that this finding does not apply exclusively to FBOs that register as PVOs with USAID.

**Rhetoric.** A common phrase used by NGOs in the development industry is to stress their commitment to helping not just the poor, but the "poorest of the poor." To determine if there is any difference between organizations who advertise their commitment to the poor in comparison to those that do not, I coded a variable 'Poorest.' This dummy variable takes the value of one if an organization includes the phrase "poorest of the poor" or similar variant on their website, in mission and values, or in the organization's annual report for 2005 or 2006. Table 10 shows the results. I find no statistical difference (p-

value= 0.956) between organizations that advertise their commitment to the 'poorest of the poor' in comparison to all other FBOs in terms of country commitments by development ranking.

Insert Table 10 about here

**Religious Affiliation.** Lastly, I examine the faith-based sector by religious tradition. Other studies have found that donors from different countries act different. Do does this finding translate to the FBO sector? Do different faith traditions select to work in different corners of the globe? Are factors are important to various Christian faiths also important to non-Christian FBOs?

One of the defining features of the FBO sector is past roots in missionary activity. Overtime, the mission and values of many of these organizations have expanded to encompass public projects aimed at helping those in need, regardless of faith affiliation. However, these historic roots, along with social justice teachings, continue to impact today's geographic choices. For this section of the analysis, I describe both the historical factors, as well as social justice teachings at play in the various faith traditions of NGOs in my dataset. I then repeat the regression analysis by faith tradition, as well as discuss the types of projects supported by these organizations.

**Non-Christian FBOs.**

Non-Christian FBOs command a minimal proportion of the aid sector. For comparative purposes, I will examine the two largest players, Islamic and Jewish charities.

Insert Table 11 about here

**Islamic FBOs.** Three Islamic organizations included in the analysis: Focus Humanitarian Assistance U.S.A. (the development arm of the Aga Khan Foundation), Life for Relief and Development, and Mercy-USA for Aid and Development, Inc. In terms of social justice teachings, charitable giving is one of the five pillars of Islam. It is a personal responsibility of Muslims to contribute a portion of income or wealth for those less fortunate. Almsgiving takes two forms, *zakat* and *sadaqa* . *Zakat* is collected from Muslims and can only be dispersed for Muslim beneficiaries, while *sadaqa*, the voluntary gift of alms, can be disbursed for anyone in need (Benthall and Jerome Bellion-Jourdan 2003, 83). Based on this restriction, I expect the religious demography match variable to be highly significant in the regression analysis.

See Table 15 for the results of the logistic regression model for the three Islamic organizations. As expected, religious demography variables are highly significant, with positive coefficients. In addition, the disaster dummy is highly significant, reflecting the fact that the large disasters happened to occur in Islamic countries (Indonesia and Pakistan). Both the social and governmental measures of religious freedom are significant, indicating Islamic FBOs work in less religiously free societies. In terms of ranking, eight of the top ten religiously restrictive countries are Muslim majority (Pew Forum 2009). In contrast to the aggregate selection model, traditional measures of recipient need, such as GDP per capita, and the Human Development Index are not significant, while the Gini coefficient is weakly significant at the 10% level. Shared religious tradition trumps all other measures predictor variables when modeling country commitments by Islamic organizations.

Table 11 shows the country commitments of Islamic organizations in comparison to all other FBOs in the dataset. Fifty percent of country commitments are to Asian countries, with the remaining assistance split between MENA and Africa. Country commitments by Islamic aid agencies are to Kenya, Jordan, Indonesia, Pakistan, West Bank and Gaza, Bangladesh, Sierra Leone, India, Indonesia, Syria, Tajikistan, Somalia, Pakistan, and Lebanon. Note that only Kenya and India are not a Muslim majority or plurality country. Both, however, have a substantial Muslim population consisting of 7% of Kenya's population and 12% of India's population as of 2000, respectively. Based on these results, it is clear that religious demography is the main motivating factor for Islamic Charities, trumping recipient need, the priorities of the US government, and political situation.

**Jewish FBOS.** Jewish FBOs were founded following WWII with the initial mission of serving the Jewish population within the United States (McCleary 2009). These organizations have expanded their service to international development project outside the US border. The dataset contains three Jewish organizations: American Jewish World Service, The American Jewish Joint Distribution Committee, Inc., and American ORT, Inc. These three organizations are guided by the principle of *Tikkun olam,* or "repairing the world," Jewish organizations provide support for Jewish populations around the globe as well as non-sectarian development and relief work.[51]

The selection model for Jewish organizations is a poor fit (see Table 15). The variables used in the aggregate model are statistically insignificant predictors, with the

[51]American Jewish Joint Distribution Committee. "American Jewish Joint Distribution Committee: Frequently Asked Questions." https://www.jdc.org/about-jdc/did-you-know.aspx

exception of population and total revenue (with an unexpected negative sign), for the geographic selections of Jewish affiliated organizations. Various measures of recipient need and political situation are significant when tested individually, but fail to be statistically significant when tested jointly. The religmatch_3 variable is weakly significant  the 10% level.

Table 11 shows the country commitments of Jewish organizations in comparison to all other FBOs in the dataset. Almost one-third of country commitments are to Africa, which is comparable to the other faith traditions. However, in comparison to the other faith affiliated organizations, Jewish groups are more active in both the Americas and Europe. The historical roots of these organizations may explain this. In the aftermath of the Holocaust, much of these organizations' resources have been funneled to survivor populations, either to Europe or to locations where large Jewish populations settled, such as Latin America. Fifteen percent of country commitments are to the European countries, the largest percentage of any FBO. The high amount of European commitments are to help foster Jewish education, reduce anti-Semitism, and foster development projects for the Jewish populations, primarily in Eastern Europe.[52] In Latin America, Jewish organizations direct their efforts towards Argentina, Chile, and Brazil, which have Jewish populations ranging from 1.2% to .2%, respectively.[53]

In comparison to Islamic charities, Jewish groups work in areas without a substantial Jewish population. Of the 65 country commitments, 40, or 62%, are to countries with no Jewish population Jewish population. By no Jewish population, I am referring to 0% in

[52] American Jewish Joint Distribution Committee "Europe," http://jdc.org/jdc-worldwide-programs/europe.aspx

[53] American Jewish Joint Distribution Committee "Latin America," http://jdc.org/jdc-worldwide-programs/latin-america.aspx

the McCleary and Barro dataset on religious adherence (2005). This dataset reports religious demography up to the hundredth of a percentage point. Therefore, pockets of minority groups may exist, but not a significant amount to make up a tenth of a percentage point. Note that six Jewish organizations were deleted from the dataset during the data cleaning stage. These organization work exclusively in Israel. The inclusion of these organizations would result in 16% of country commitments to countries in the Middle East and North Africa.

**Christian FBOs**

Insert Tables 12 and 13 about here

Christian FBOs make up the bulk of the dataset FBO sector. How do Christian FBOs differ from non-Christian FBOs? How do we explain the diversity that occurs within the Christian category? First, I analyze the organization rhetoric of Christian FBOs through. As discussed earlier, five categories of 'religiosity' were coded from publically available sources, including organization websites, financial statements, and annual reports. The five indices include Board of Directors consisting of one or more religious person, use of religious text, evangelism and/or bible distribution, use of religious terms, and religious requirements for hiring. Tables 12 and 13 show the effect of religious index on development ranking of recipient country and region of recipient country. Both tables indicate fairly consistent geographic distribution by region and development level at the various index values. For regional geographic distribution, Christian FBOs tend to focus their efforts roughly equally between the Americas, Africa and Asia, regardless of religiosity index ranking. Only a minimal proportion, no more than 17% for any index

level, go to Europe and MENA. This is in direct contrast to Islamic and Jewish FBOs, who concentrate in these two regions (Table 11).

In terms of country commitments by development raking, Christian organizations concentrate roughly 60% their projects in middle developed areas (as defined by Human Development Index scores of greater than .5, but less than .8). This result does not vary by index level (Table 12). Based on these two tables, there is no evidence to suggest that more overtly religious Christian organizations, as measured by my ranking system, have different geographic priorities in comparison to nominally Christian FBOs.

Next, I analyze the Christian category in terms of the four main categories: Catholic, Mainline Protestant , Faith-Founded, and Evangelical. To test the degree to which the five hypotheses hold when controlling for various descriptors of the faith-based sector, I segment the regressions.

**Catholic FBOs.** Pope Leo XIII's 1891 papal encyclical, Rerum Novarum, denotes the beginning of modern teachings on social justice.[54] The initial concepts outlined in this work provide the foundation for Vatican II's formal move towards an emphasis on the alleviation of suffering and economic inequality. Today's Catholic organizations stress promoting the sanctity of human life through the "alleviation of human suffering, the development of people and the fostering of charity and justice."[55] Six Catholic organizations are included in the dataset: Seton Institute, Hope For A Healthier

[54] The Vatican. "Rerum Novarum: Encyclical of Pope XIII on Capital and Labor." http://www.vatican.va/holy_father/leo_xiii/encyclicals/documents/hf_l-xiii_enc_15051891_rerum-novarum_en.html

[55] Catholic Relief Services, "About Catholic Relief Services," http://crs.org/about/

Humanity, Catholic Medical Mission Board, Inc., Salesian Missions, Covenant House, and Catholic Relief Services (USCCB).

From the regression analysis in Table 15, I find strong support for recipient need, ease of working environment, and cultural congruency for the Catholic affiliated organizations included in the dataset (Hypotheses 1, 2, and 3). In terms of recipient need, Catholic FBOs select countries on the basis of high economic inequality. When tested jointly with GDP per capita and the components of HDI, the Gini Coefficient is highly significant with a positive sign. Similarly to the aggregate selection model, Catholic organizations select work in countries with high levels of religious freedom as captured by the government index while the Freedom House variable, Pew Forum social index, and the dummy variable for banned organizations fail to be significant at the 5% level. In terms of shared religious faith, all three measures of religious cultural congruency are statistically significant at the 1% level. There is no evidence to support of religiously persecuted minorities or influence of US foreign aid allocation or US foreign policy agenda on country selection. These results indicate that Catholic affiliated organizations are primarily motivated by measures economic inequality, religious freedom, and cultural congruency.

Insert Table 14 about here

Table 14 shows the regional distribution of country commitments by Catholic organizations in comparison to other affiliations. Forty percent of their country commitments are to Africa, followed closely by the Americas (30%). This finding

supports that the missionary history of Catholicism still impact the country selection choices made in the modern era.

**Mainline Protestant FBOs.** The dataset includes 11 mainline protestant organizations. Five are the official development arm of their religion: Episcopal Relief and Development, The African Methodist Episcopal Church Service & Development Agency, Inc., Lutheran World Relief, Inc, United Methodist Committee on Relief of GBGM-UMC, and Board of World Mission of the Moravian Church. The average age of Mainline Protestant organizations is 77, in comparison to 38 years for the entire dataset. As established organizations, I expect these organizations to make safer choices, as measured by hypothesis 2. I also expect the shared religious tradition variable to be statistically significant since many of the Mainline groups are officially affiliated with an official religious denomination.

Table 14. shows the geographic dispersion of Mainline Protestant FBOs. Fifty percent of all commitments are to African countries. This finding is substantively higher than other Christian denominations. As the official development arms of protestant denominations, the organizations in this sample share a past history of missions to Africa.

The results of the regression analysis of country commitments can be found in Table 15. I find strong support for hypotheses of recipient need, shared religious tradition, and US official aid allocation (Hypotheses 1,3, and 5). Economic indicators of recipient need are highly significant. The results of hypothesis 2 and 4 are inconclusive, with the coefficients of the two measures of religious freedom conflicting. Cultural congruency, in the form of shared religious tradition and past colonial history are also

motivators for mainline FBOs. Additionally, US foreign aid allocation is a significant at the 1% level with a positive coefficient.

**Faith Founded FBOs.** Faith Founded organizations are loosely based on Christian values, in comparison to the previous category which mainly includes the official development arms of denominations. McCleary notes that this category "captures a recent change in the religion scene, namely, the rise of agencies that are neither evangelical nor denominational but that adhere to broad Christian values" (2009). As a result, these organizations tend to be newer organizations. In addition to being newer organizations, the majority of the Faith Founded FBOs also are USAID fund recipients. Sixteen of the nineteen Faith Founded FBOs depended on the federal government to some extent. Faith Founded FBOs include World Vision and Church World Service.

Based on these characteristics, I hypothesize that these organizations will be more likely to follow US official aid as a consequence of being highly federally funded. In addition, as newer FBOs, faith founded FBOs will make 'riskier' decisions, choosing to work environments with lower levels of political rights and civil liberties (Freedom House) or lower levels of religious freedom. I also expect the variables for cultural congruence to have less significance, since these organizations are only 'loosely' based on Christian values (McCleary 2009).

The recipient need and shared religious tradition hypotheses are supported by the regression analysis. Again, I find strong support for recipient need, as both the Gini Coefficient and GDP per capita are highly significant. As hypothesized, I find little evidence to suggest that faith founded organizations take religious freedom or other

measures of rule of law, political rights, and civil liberties into account. When tested jointly, these measures are all statistically insignificant at the 5% level (Table 15). Only the proportional measure of shared religious tradition is highly significant, in comparison to the majority and plurality dummies. I do not find the variable for US foreign aid allocation to be significant, even though a large proportion of faith founded organizations receive USAID funding.

**Evangelical FBOs.**

*"We analyze every project, every program we undertake, to make sure that within that program evangelism is a significant component. We cannot feed individuals and then let them go to hell."*

— Ted Engstrom, former president of World Vision International (Hancock 1989)[56]

Evangelical FBOs comprise the bulk of the FBO sector and command almost 40% of its resources. These groups have experienced a large amount of growth, in terms of sheer number and revenue, within the last 20 years, driving the rise in prominence of the FBO sector (McCleary 2009). The number of Evangelical organizations has risen from ten in the 1980's to almost 90 by 2005. In terms of financial power, these organizations command 20% of the entire PVO sector (encompassing both faith-based and secular organizations).

In comparison to the other faith categories, Evangelical FBOs emphasize sharing a religious message to non-Christians around the world (McCleary 2009). McCleary codes evangelical PVOs by an explicit desire to spread their faith. While many evangelical organizations simply stress the need to share the Gospel, others have a structured means

[56] Note that at the time of this quote, World Vision was classified as an evangelical FBO by the McCleary coding methodology (2009). It has since been reclassified as a faith founded FBO.

for identifying countries on the basis of need for Christianity. In a personal interview, the director of Africa programs at World Help noted his group's organizational policy to target programs and aid toward the '10/40 window.' The 10/40 Window refers to the geographic region from 10 degrees to 40 degrees North of the equator. This area of the world, encompassing the Middle East, North Africa, and Asia, contains the largest population of non-Christians. [57] In addition, this area of the world also contains the countries with the lowest levels of religious freedom.

On the basis of faith affiliation, some politicians have contested the role of evangelical faith-based organizations. These critics argue that the first priority of these organizations is to spread their faith and to maintain a staunchly conservative position.[58] The recent example of Christian missionaries in Haiti charged with kidnapping children illustrates these concerns. As such as substantial player in the faith-based sector, and arguably, development NGOs in general, it is essential to understand how these organizations operate.

Evangelical PVOs spread the bulk of their country commitments between Africa, the Americas, and Asia (Table 14). Based on this Table, I find no evidence to support that Evangelicals target their aid recipients differently than other Christian denominations in term of geographic distribution. The results of the regression analysis for evangelical FBOs can be found in Table 15. Evangelical organizations are highly motivated by recipient need, religious freedom, religious congruency, and US foreign aid allocation. When tested individually, Freedom House and the government and social ratings for

[57]Ministry Watch. "World Help." http://www.ministrywatch.com/profile/World-Help.aspx
[58] Nicholas Kristof. "Learning from the Sin of Sodom." New York Times. February 27, 2010. http://www.nytimes.com/2010/02/28/opinion/28kristof.html

religious freedom are significant with negative coefficients, indicating a preference to work in freer environments. Tested jointly, measures of government restrictions on religious freedom trump other measures as in the aggregate selection model. Measures for shared religious tradition were highly significant. Based on the empirical analysis, there is no evidence to support that Evangelical organizations operate on the basis of religious demography, targeting non-Christian regions of the world. On the contrary, the results indicate the Evangelicals seek to work in countries with a larger portion of fellow Christians.

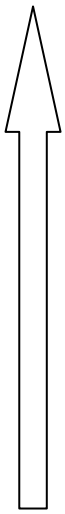
Overall, all Christian organizations concentrate their development efforts in Africa and Latin America. Christian FBOs are motivated by economic measures of recipient need (GDP per capita and the Gini Coefficient) and shared religious tradition.

## 5. Implications

As we have seen, many factors are at play when analyzing the FBO sector. How should scholars, academic, and development practitioners proceed when studying the FBO sector? I argue that affiliation between Christian and Non-Christian FBOs is the first place to start. While the tenets of non-Christian organizations vary tremendously, their motivations for country selection do not. Based on the analysis, Non-Christian organizations are primarily motivated by recipient country religious demography, helping countries with a significant portion of the co-adherents.

How should scholars disaggregate the Christian FBO sector? Separating by affiliation is not the appropriate next step. I propose a more complete structure by which future researchers should analyze the FBO sector. Based on empirical findings and personal interviews, I argue that the Christian FBO sector must be analyzed with respect to both total annual revenue and the presence of affiliation with formal denominations (see Figure 2). Both of these dimensions are essential to understanding not only the geographic distribution of country commitments, but also the organizational structure through which a FBO comes to make those decision and the mechanisms they work through to identify recipients and distribute aid.

High Annual Revenue



| Official Affiliated Development Arm | Unofficial |
|---|---|
| - Older, established organizations<br>- Choices dictated by historical roots and missionary history<br>- Identify aid recipients through official church networks<br>- Formalized Selection Process<br><br>Examples: Episcopal Relief and Development | - Highest total annual revenue<br>- High government funding and implementers of USAID programs<br>- Works mainly through government contracts<br>- Largest players in the aid industry<br>- Formalized Selection process<br><br>Examples: World Vision |
| - Less government funding<br>- Identify aid recipients through official church network<br>- Rely on private, church donations to sustain projects<br>- Informal Selection Process<br><br>Examples: Five Talents | - Work through vetting individual missionaries, religious leaders, pastors, or local NGOs<br>- Emphasis on personal relationships<br>- Less government funding<br>- Informal Selection Process<br><br>Examples: World Help, Christian Relief Services |

Low Annual Revenue

Figure 2. FBOs by Revenue and relationship with an official affiliation

The first lens through which to analyze the FBO sector is affiliation with an official denomination (Ferris 2005, 313). This association changes the fundamental way in which an organization operates and impacts the mechanisms used to select recipients and individuals projects. Official development arms of a religion use a structured, formalized means of selecting where to work and identifying aid recipients. Organizations with official ties are limited to locations with an existing official church network. For example, Five Talents, a microfinance organization affiliated with the Anglican Church, works in conjunction with the diocese of the host recipient country. Not only does the organization obtain permission from the Anglican Church to operate, but they also use the church network as the main means for identifying aid recipients.[59] Due to the means of operation, the FBO's geographic distribution reflects that of their official faith.

Secondly, officially affiliated organizations are subject to an additional level of accountability from their affiliated religion. Along with this accountability comes the mission to support brethren and the global church network. For modeling purposes, using religious demography as a predictor variable acts a proxy for the presence of a diocese or other network. However, unaffiliated groups rely on personal relationships that are inherently intangible and do not lend themselves to quantitative analysis.

Unaffiliated organizations operate primarily through personal relationships. These organizations first identify either an individual pastor, mission group, or local NGO in which to funnel aid through. The identification process relies on networks, connections, and trust. For example, the Director of Africa programs at World Help personally travels

[59] Craig Cole, President, Five Talents, Phone Conversation, February 5, 2010.

to find trustworthy individuals to partner. This step is crucial because World Help do not have local staff on the ground to supervise projects. For these organizations, it is especially important to vet trustworthy individuals to partner with overseas, since there is little oversight by the FBO. The organization relies on pictures and other tangible pieces of evidence to verify their money is well spent. [60]

In both means of operation, a connection of same faith between the donor and recipient is needed, supporting the hypothesis of cultural congruency. However, this does not imply that these organizations only work in environments of the same faith. The President of Five Talents stressed that the existence of a diocese acts a point of opening. Through this, his organization has been able to set up projects in Indonesia and Sudan, two Muslim majority countries.[61]

The second dimension of total annual revenue captures logistical restrictions that impact not only the means of which organizations operate through, but also where they ultimately select to work. Total annual revenue impacts not only the staff and resources available to a FBO, but also the level of USAID funding, if any, and the number of country commitments per organization. These relationships are confirmed by the correlation between total annual revenue and these other organization characteristics. Total annual revenue is significantly correlated with number of country commitments ($\rho$=.224, p-value=.011), federal government revenue ($\rho$ =.644, p-value=.000), and age ($\rho$ =.368, p-value=0.00). Since each are positively correlated, as total annual revenue increases, so does the number of country commitments, federal government revenue, and

[60] Cyrus Mad-Bondo, Director of Africa Programs, World Help, In-person Interview, February 12, 2010, Forest, VA.
[61] Craig Cole, President, Five Talents, Phone Conversation, February 5, 2010.

age of the organization. Using this variable as a factor to segment the sector is also helpful due to the correlates of annual revenue.

The country selection process varies with revenue as well. Larger organizations are more likely to have a structured process, with a formal review of projects taking place on a yearly basis. According to Koch (2007), 40% of NGOs surveyed had a formalized selection process. In this formalized method, organizations may use development indicators or measures of poverty to guide them in the process. However, in personal interviews, several development practitioners noted the limitations of relying on quantitative measures alone. A project coordinator at World Concern noted that development indicators fail to recognize places like Vietnam that have "fallen off the radar" for development organizations. While Vietnam is advanced according to some standards, but there are large, vulnerable populations, such as minority ethnic groups and those with disabilities that are overlooked by country level indicators.[62] In contrast, smaller organizations may act in a more ad hoc manner, selecting to work on countries based upon opportunities that arise. These organizations may be more influenced by back donors, following where funding is available.

[62] Derek Sciba, World Concern, Phone Conversation, February 3, 2010.

## 6. Limitations

This exploratory empirical analysis of US based FBOs involved in international is by no means an exhaustive study. First and foremost, the analysis is only as good as the data available. There is no universal directory of FBOs. As a proxy, I utilized the USAID PVO registry as the population of interest. Consequently, the analysis is biased towards organizations who select to have a relationship with the federal government. [63]

Additionally, the analysis based on publically available information. Measurement errors in coding may impact the analysis. I required an explicit evidence of organization involvement (either through funding, volunteers, or projects) in order to code an organization as involved in a country. The nature of the coding of the dependent variable may underestimate long term projects, and does not account for involvement over time. Moreover, I cannot control for the historical involvement of FBOs in a specific country or regions. With the presence of a time series dataset, the lagged dependent variable could be included as a predictor variable. The analysis was also at the disposal of the availability of development indicators. Interesting recipient countries, such as Afghanistan and Iraq are not included in the analysis due to the lack of information on population, economic, and political indicators.

Lack of allocation information also is a flaw of this analysis. The selection model tells us where organizations choose to work, but does not speak to the weigh an organization gives to a chosen project. The lack of readily available data on dispersal of funds is an obvious limitation in this research. Dichotomous coding only tells part of the

[63]Examples of organizations not registered with USAID as of 2005 include Latter-Day Saints or Mennonite Central Committee charities

story. In this research, each country commitment has equal weight. In reality, this is not the case. Organizations have many projects in all corners of the globe, but funding allocation gives insight into the weight and importance of each project.

Problems with quantitative analysis also limit the predictive power of the quantitative analysis. Post estimation diagnostics indicate the presence of specification error indicating that at least one necessary independent variable is not included. From the proceeding discussion of the lens through which to analyze organizations, I suspect that the lack of the ability to quantify personal relationships plagues the empirical analysis. Additional research and data collection is needed on this topic. However, as an exploratory study and the first empirical examine of FBOs of its kind, this research may act as a springboard for future analysis, both quantitative and field driven.

**7. Suggestions for future research**

Many additional research questions and areas of study remain concerning FBOs and international development. First, with allocation information, the weight of country commitments could be examined. Do organizations place more value on some types of projects (such as health, development, education) over others? Do some geographic areas receive more funding than others? What motivates these decisions?

With project level data, scholars and academics could have a more decisive analysis in answering the questions raised in the hypotheses. Ease of working environment (hypothesis 2), would be an interesting path for future research. While this study could address ease of working environment at the country level, project level data would allow scholars to address hypotheses at a local level. Do organizations select their working environment and communities by proximity to resources, roads, ease of transportation? In addition, GIS techniques could be applied to create a mapping of FBO involvement. Aid workers on the ground commonly note that organizations choose to work in 'easier' environments, such as locations close to roads and cities for not only ease of transportation of goods, but also to attract and retain volunteers.[64]Project level data would allow scholars to refine the results of this country level analysis, determining exactly which communities and villages receive FBO aid.

With project level data, scholars would able to do network analysis by analyzing partnerships of FBOs. An investigation of who works with whom would be valuable. Do FBOs partner with secular NGOs or governmental organizations, or do they limit

[64] Kenyan Aid Worker, Email Correspondence, February 2010.

interactions to organizations with similar values to their own? To what extent to US based FBOs partner with local NGOs? What impact does this have on the quality of aid delivered? Answers to these questions are only possible with comprehensive data. Panel data at the project level would open up new avenues of future research. To make any of these future areas of research possible, academics and practitioners must work together to encourage transparency. In the wake of interagency competition, this is difficult to encourage. Only through creating the right set of incentives will FBOs be motivated to share information. [65]

[65] Government 491 Seminar, InterAction guest speaker, November 14, 2008.

## 8. Conclusion

In summary, this paper outlines the first, to the knowledge of the author, empirically based study of US based FBOs involved in international development. I contribute a unique dataset describing aid commitments of 129 FBOs in 114 countries during 2006. The research identified the key factors that explain country level aid commitment by FBOs and the degree to which they influence the geographic dispersion of country level aid commitments. For the sector as a whole, FBOs are influenced by three main factors: economic measures of recipient need, shared cultural values, and official US aid allocation. Importantly, this finding holds when considering small and large, USAID funded and non-funded organizations alike. Within the faith-based sector, Non-Christian FBOs are driven first and foremost by shared religious tradition, favoring their co-adherents above all else. Christian NGOs factor in economic need into their decision making process. The empirical analysis allows us to make inferences on the hypotheses and illuminates the preferences of the industry.

Based on these empirical results, I outline a new lens through which to analyze the FBO sector for future scholars, describing the necessary characteristics to consider when discussing the FBO sector. Consideration of both the resources available to an organization (measured in terms of total annual revenue) and the organization's relationship with an established demonization are essential when discussing US based FBOs involved in international development.

Recent policy indicates that charitable choice in international development is here to stay (Slack 2009). On the campaign trail, then candidate Obama stressed the importance of FBOs:

> That's why Washington needs to draw on them [FBOs]. The fact is, the challenges we face today - from saving our planet to ending poverty - are simply too big for government to solve alone. We need all hands on deck….What I'm saying is that we all have to work together - Christian and Jew, Hindu and Muslim; believer and non-believer alike - to meet the challenges of the 21st century.[66]

Once in office, the Obama administration has maintained the previous administration's faith-based initiatives, rebranding it Office of Faith-based and Neighborhood Partnerships. The findings of this exploratory research indicate that governmental relationships with FBOs are founded. FBOs consider economic measures of recipient need and are not influenced by the biases that plague official US foreign aid. Based on this analysis, the conclusion that "NGOs do better" is, in terms of motivation and criteria for recipient selection, confirmed for the faith-based sector. Now the next stage of research is upon us. Scholars and aid practitioners must take the research to the next level and evaluate the effectiveness of aid. The question remains if' purer' motivations for selecting aid recipients, motivations that are driven by recipient need, translate into better, more effective aid.

[66]"Obama's Speech on Faith-based Organizations." Zanesville, Ohio. July 1, 2008. http://www.realclearpolitics.com/articles/2008/07/obamas_speech_on_faithbased_or.html

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Appendix 1. Charts and Tables.

| Region | Number of Recipient Countries in Sample | Share of World Population | Share of World's Christians | Share of World's Muslims | US Foreign Aid Allocation, in billions (FY 2005) | NGO Aid Allocation, in dollars(Koch 2006) | FBO Dataset, in country commitments (N=129) |
|---|---|---|---|---|---|---|---|
| Africa | 40 | 13.70% | 29.60% | 16.87% | 32.52% | 37.03% | 35.74% |
| Asia | 21 | 66.72% | 23.65% | 55.27% | 21.32% | 26.42% | 23.44% |
| Europe | 11 | 1.96% | 6.57% | 0.11% | 3.44% | 6.93% | 5.20% |
| Americas | 26 | 10.67% | 38.28% | 0.16% | 6.48% | 22.63% | 28.74% |
| MENA | 16 | 6.95% | 1.90% | 27.59% | 36.24% | 6.99% | 6.89% |
| Total | 114 | 5,023,405,673 | 1,315,034,563 | 1,104,103,170 | $68,830.82 | €4,594,790,759 | 1886 |

Table 1. Geographic distribution of FBO country commitments in comparison to US foreign aid allocation and NGO aid allocation

| | Faith Affiliation | | |
|---|---|---|---|
| Project Type | **Secular** | **Faith-based** | **Total** |
| **Agriculture** | 226<br>8.30% | 115<br>11.30% | 341 |
| **Capacity Building** | 564<br>20.72% | 112<br>11.00% | 676 |
| **Civil Society** | 345<br>12.67% | 86<br>8.45% | 431 |
| **Education** | 494<br>18.15% | 178<br>17.49% | 672 |
| **Environment** | 145<br>5.33% | 14<br>1.38% | 159 |
| **Health** | 533<br>19.58% | 256<br>25.15% | 789 |
| **Humanitarian Assistance** | 171<br>6.28% | 153<br>15.03% | 324 |
| **Infrastructure** | 49<br>1.80% | 32<br>3.14% | 81 |
| **Private Enterprise** | 195<br>7.16% | 72<br>7.07% | 267 |
| **Total** | 2722<br>100.00% | 1018<br>100.00% | 3740 |

Chi-Square= 167.38; p-value = 0.00

Table 2. Number of projects by Secular and FBOs (Flanigan 2010)

| **Dataset (N=129)** | Mean | Standard dev. | Min | Max |
|---|---|---|---|---|
| Age | 38.27132 | 40.75551 | 1 | 260 |
| Total Annual Revenue | $67,700,000 | $164,000,000 | $92,742 | $905,000,000 |
| Federal Government Annual Revenue | $6,821,171 | $6,821,171 | 0 | $335,000,000 |
| | | | | |
| Index (Christian affiliated only) | 2.122807 | 1.317952 | 0 | 5 |
| Country Commitments | 14.73 | 15.37 | 1 | 78 |
| | | | | |
| **McCleary Dataset (N=179)** | | | | |
| | | | | |
| Age | 45.18436 | 98.74547 | 0 | 906 |
| Total Annual Revenue | $51,500,000 | $134,000,000 | 0 | $905,000,000 |
| Federal Government Annual Revenue | $4,836,575 | $2,8400,000 | | $335,000,000 |

Table 3. Organization Specific Variables, Summary Statistics

| | **Age of the Organization** | | | | |
|---|---|---|---|---|---|
| **Region** | Less than 10 years | 10 to 30 years | 30 to 50 years | 50 years and older | Total |
| Africa | 34.4% | 35.3% | 33.33% | 37.7% | 674 |
| Asia | 24.2% | 24.88% | 25.16% | 21.0% | 442 |
| Europe | 3.3% | 4.61% | 5.35% | 6.4% | 98 |
| Latin America | 29.5% | 29.80% | 30.50% | 26.6% | 542 |
| MENA | 8.61% | 5.38% | 5.66% | 8.32% | 130 |
| | | | | | |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 1886 |
| N | 244 | 651 | 381 | 673 | |

**Chi-square= 15.8789; p-value=.197**

Table 4 Effect of age on aid commitments by region

**Age of Organization**

| **Development Level** | Less than 10 years | 10 to 30 years | 30 to 50 years | 50 years and older | Total |
|---|---|---|---|---|---|
| Very High and High | 15.2% | 19.5% | 18.9% | 21.8% | 35 |
| Medium | 63.9% | 59.6% | 60.4% | 55.4% | 1109 |
| Low and Other | 20.9% | 20.9% | 20.8% | 22.7% | 406 |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 1886 |
| N | 244 | 651 | 318 | 673 | |

Table 5 Effect of age on aid commitments by development level

Chi-square = 7.981

p-value = .239

**Percentage of Government Funding**

| **Region** | None | Less than 10% | 10-20% | Greater than 20% | Total |
|---|---|---|---|---|---|
| Africa | 35.4% | 34.5% | 34.3% | 40.2% | 674 |
| Asia | 23.5% | 23.0% | 19.7% | 26.2% | 442 |
| Europe | 4.5% | 5.0% | 16.1% | 2.3% | 21 |
| Latin America | 29.1% | 32.2% | 23.4% | 21.9% | 67 |
| MENA | 7.58% | 5.30% | 6.57% | 9.30% | 24 |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 1886 |
| N | 712 | 736 | 137 | 301 | |

Table 6 Effect of government funding on aid commitments by region

Chi-square = 56.73

p-value = 0.00

**Table 7** Top Recipient of Official US Aid (from OECD statistics for 2005)

| Country | US Official Aid, 2005 (in millions | Number of FBOs committed |
|---|---|---|
| **Sudan** | 758.97 | 31 |
| **Ethiopia** | 679.17 | 37 |
| **Egypt** | 601.19 | 11 |
| **Colombia** | 455.16 | 15 |
| **Jordan** | 357.7 | 11 |
| **Israel** | 357 | 11 |

| Country | Number of FBOs committed not receiving government funds | Number of FBOs committed receiving government funds |
|---|---|---|
| **Sudan** | 41.9% | 58.1% |
| **Ethiopia** | 29.7% | 70.3% |
| **Egypt** | 45.5% | 54.5% |
| **Colombia** | 40.0% | 60.0% |
| **Jordan** | 45.5% | 54.5% |
| **Israel** | 54.5% | 45.5% |

Table 8. Effect of government funding on aid commitments by development level

| | **Recipient of Federal Government Funding?** | | |
|---|---|---|---|
| **Region** | Yes | No | Total |
| Very High | 1.9% | 1.8% | 35 |
| High | 17.7% | 18.0% | 336 |
| Medium | 58.6% | 59.1% | 1109 |
| Low | 20.4% | 19.1% | 375 |
| Other | 1.45% | 1.97% | 31 |
| Total | 100.0% | 100.0% | |
| N | 1174 | 712 | 1886 |
| Chi-square=1.1195; p-value=.981 | | | |

Table 9. Effect of government funding on aid commitments by region

| | **Recipient of Federal Government Funding?** | | |
|---|---|---|---|
| **Region** | Yes | No | Total |
| Africa | 35.9% | 35.4% | 674 |
| Asia | 23.4% | 23.5% | 442 |
| Europe | 5.6% | 4.5% | 98 |
| Latin America | 28.5% | 29.1% | 542 |
| MENA | 6.47% | 7.58% | 130 |
| Total | 100.0% | 100.0% | |
| N | 1174 | 712 | 1886 |
| Chi-square=1.96; p-value=.743 | | | |

Table 10. Effect of rhetoric ("Poorest of the Poor") on aid commitments by development level

| | **"Poorest"** | | |
|---|---|---|---|
| **Region** | No | "Poorest" | Total |
| Very High | 1.8% | 2.0% | 35 |
| High | 17.8% | 17.6% | 336 |
| Medium | 58.6% | 60.3% | 1109 |
| Low | 20.1% | 18.1% | 375 |
| Other | 1.60% | 2.01% | 31 |
| | | | |
| Total | 100.0% | 100.0% | |
| N | 1687 | 199 | 1886 |

Chi-square=0.66
p-value = .956

Table 11. Effect of affiliation on aid commitments by region

| | **Religion** | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Region** | Catholic | Protestant | Interfaith | Jewish | Muslim | Orthodox | Other Non-Christian | Total |
| Africa | 39.7% | 35.9% | 36.7% | 32.3% | 21.43% | 28.57% | 21.95% | 674 |
| Asia | 19.0% | 23.9% | 13.3% | 15.4% | 50.00% | 0.00% | 39.02% | 442 |
| Europe | 5.4% | 4.9% | 3.3% | 15.4% | 0.00% | 14.29% | 0.00% | 98 |
| Latin America | 27.7% | 28.7% | 40.0% | 29.2% | 0.00% | 0.00% | 39.02% | 542 |
| MENA | 8.15% | 6.47% | 6.67% | 7.69% | 28.57% | 57.14% | 0.00% | 130 |
| | | | | | | | | |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | |
| N | 184 | 1545 | 30 | 65 | 14 | 7 | 41 | 1886 |

| | Level of Religion Index | | | | | | |
|---|---|---|---|---|---|---|---|
| **Development** | (Code=0) | (Code=1) | (Code 2) | (Code=3) | (Code=4) | (Code=5) | Total |
| Very High | 2.3% | 0.7% | 1.9% | 3.0% | 0.81% | 0.0% | 29 |
| High | 22.6% | 15.3% | 17.2% | 15.6% | 20.73% | 13.6% | 306 |
| Medium | 61.0% | 60.9% | 57.0% | 61.6% | 54.88% | 70.5% | 1020 |
| Low | 13.6% | 20.7% | 22.2% | 18.6% | 21.95% | 15.9% | 354 |
| Other | 0.6% | 2.4% | 1.6% | 1.3% | 1.6% | 0.0% | 27 |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.00% | 100.0% | 1736 |
| N | 177 | 294 | 738 | 237 | 246 | 44 | |
| Chi-square = 24.59<br>p-value = .217 | | | | | | | |

Table 12. Effect of 'religiosity' on aid commitments by region (Christian organizations only)

| | Level of Religion Index | | | | | | |
|---|---|---|---|---|---|---|---|
| **Region** | (Code=0) | (Code=1) | (Code 2) | (Code=3) | (Code=4) | (Code=5) | Total |
| Africa | 28.2% | 37.8% | 39.3% | 34.6% | 34.15% | 29.55% | 630 |
| Asia | 22.0% | 24.5% | 22.4% | 27.0% | 19.92% | 36.36% | 405 |
| Europe | 6.2% | 3.4% | 4.7% | 5.5% | 6.50% | 4.55% | 87 |
| Latin America | 32.8% | 28.9% | 28.0% | 21.9% | 34.15% | 20.45% | 495 |
| MENA | 10.73% | 5.44% | 5.56% | 10.97% | 5.28% | 9.09% | 119 |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 1736 |
| N | 177 | 294 | 738 | 237 | 246 | 44 | |
| Chi-square = 38.12<br>p-value = .009 | | | | | | | |

Table 13. Effect of 'religiosity' on aid commitments by region (Christian organizations only)

| | Religion | | | | | |
|---|---|---|---|---|---|---|
| **Region** | Mainline | Faith Founded | Ecumenical | Evangelical | Catholic | Total |
| Africa | 47.7% | 31.8% | 26.8% | 35.8% | 39.7% | 628 |
| Asia | 16.7% | 22.5% | 30.4% | 25.4% | 19.0% | 405 |
| Europe | 1.7% | 7.3% | 3.6% | 4.7% | 5.4% | 86 |
| Latin America | 25.9% | 34.1% | 16.1% | 28.0% | 27.7% | 495 |
| MENA | 8.05% | 4.23% | 23.21% | 6.04% | 8.15% | 115 |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | |
| N | 174 | 355 | 56 | 960 | 184 | 1729 |

Chi-square = 61.438

p-value = 0.00

Table 14. Effect of affiliation on aid commitments by region

| | Religious Affiliation | | | | | |
|---|---|---|---|---|---|---|
| Variables | Islamic | Jewish | Catholic | Mainline Protestant | Faith Founded | Evangelical |
| Population(logged) | | + | + | + | + | + |
| Revenue (logged) | | - | + | + | + | + |
| Disaster, dummy | + | | | | | + |
| **Hypothesis 1: Recipient Need** | | | | | | |
| GDP/capita(logged) | | | - | - | - | - |
| HDI | | | | | + | + |
| Gini | + | | + | + | + | + |
| **Hypothesis 2: Maximizing Success** | | | | | | |
| Freedom House | | | | | | |
| Social Restriction on Religion | + | | | + | | |
| Ban, dummy | | | | | | |
| Gov't restriction on religion | | - | - | - | | - |
| **Hypothesis 3: Cultural Congruency** | | | | | | |
| Religious Demography | + | | + | + | + | + |
| Colony, Dummy | | | | + | + | + |
| **Hypothesis 4: Persecuted Minorities** | | | | | | |
| Minority, dummy | | | | + | | + |
| **Hypothesis 5: Non-Governmental Orgs?** | | | | | | |
| Israel, Dummy | | | | | | |
| Egypt, Dummy | | | | | | - |
| US Official Aid | | | | + | | + |

+ denoted that the variable is significant at the 5% level with a positive coefficient

- denotes that the variable is significant at the 5% level with a negative coefficient

Table 15. Significance of Coefficients for logistic regression by religious affiliation

Appendix 2. Faith-based organizations, coded by religion (McCleary 2009)

| Code Number | Category | N | Percentage |
|---|---|---|---|
| **1** | Mainline Protestant | 13 | 7.26 |
| 2 | Roman Catholic | 14 | 7.82 |
| 3 | Orthodox | 2 | 1.12 |
| 4 | Faith-Founded Christian | 24 | 13.41 |
| 5 | Ecumenical Christian | 11 | 6.15 |
| 6 | Other Christian | 0 | 0 |
| 7 | Evangelical | 88 | 49.16 |
| 8 | Jewish | 9 | 5.03 |
| 9 | Muslim | 4 | 2.23 |
| 10 | Hindu | 3 | 1.68 |
| 11 | Buddhist | 1 | .56 |
| 12 | Jain | 1 | .56 |
| 13 | Interfaith | 3 | 1.68 |
| 14 | Other religion | 6 | 3.35 |
| Total | | 179 | 100 |

Definitions (McCleary 2009):

**Faith-Founded:** organizations are "those based on religious principles or values but with no formal affiliation with an organized religion…Christian organizations were identified as faith-founded Christian when they held that their religious values came from no particular denomination of a religion." McCleary notes that this category "captures a recent change in the religion scene, namely, the rise of agencies that are neither evangelical nor denominational but that adhere to broad Christian values."
**Ecumenical :**"Christian agencies based on at least two specific Protestant denominations are classified as ecumenical Christian"
**Interfaith:** "PVOs classified as interfaith are formed by at least two distinct major religious or spiritual traditions, not all Christian"
**Catholic:** Used the following sources for coding purposes: Catholic Network of Volunteer Service, U.S. Catholic Conference of Bishops, and the Official Catholic Directory.
**Mainline Protestant:** Includes black Protestant churches, and Unitarian Universal Association
**Evangelical:** Includes the Vineyard Church. "Evangelical PVOs are characterized by their doctrine, which emphasizes evangelicalism. As a group, they accept basic tenets: the inerrancy of the Bible and its authority as the sole source of God's word; the deity of Jesus as Christ and personal salvation through him; the sharing of the conversion experience with others; and or pre-post millennium beliefs"

Appendix 3. Sources of variables

| Variable Name | Description | Source |
|---|---|---|
| Ban | Dummy variable for countries with a ban on foreign missionaries (Burma(Myanmar), Iran, Kuwait, Libya, Maldives, Mauritania, Uzbekistan, Turkmenistan, Saudi Arabia, Qatar, and Indonesia) | Pew Forum, 2009 |
| Colony | Coded for US colonial involvement (Philippines, Haiti, Nicaragua) | Dollar and Levin (2000) |
| Disaster | Coded for natural disaster during 2004-2006 (Indonesia, Philippines, Pakistan) | |
| FH | Freedom House score, sum of civil and political liberties, on a scale from 1-14 | Freedom House, 2005 |
| GDP per capita | Gross Domestic Product per capita | UN, 2005 |
| Gini | Gini coefficient, describing economic inequality | UN, 2005 |
| GRI | Government restrictions on religion | Pew Forum |

| | | |
|---|---|---|
| HDI | Human Development Index | UN, 2005 |
| Minorities at Risk | The variable of interest in the dataset is: CULPO1: "Restrictions on religion". I coded the group if "Activity informally restricted (The activity is restricted by widespread but informal social practice (e.g., by discrimination against people who follow group religion)", Activity somewhat restricted, or Activity sharply restricted. This corresponds to codes 1, 2, or 3. | Gurr, University of Maryland, 2004-2006 |
| Population | Total population | World Bank, 2005 |
| ReligMatch1 | Coded 1 if same religion match (majority), coded 0 for different | World Christian Database and McCleary Dataset |
| ReligMatch2 | Coded 1 if same religion match (plurality), coded 0 for different | World Christian Database and McCleary Dataset |
| ReligMatch3 | Percent same religions affiliates | World Christian Database and McCleary Dataset |
| RevGov | Proportion of total revenue coming from federal funds or grants in FY05 | USAID VOLAG 2007 |
| Revtot | Total revenue in FY05 | USAID VOLAG, 2007 |

| | | |
|---|---|---|
| SRI | Social restrictions on religion | Pew Forum |
| U.S. Foreign Aid | Official development assistance and official aid (current US$) | OECD, 2005 |
| WB1 | Political Stability and Absence of Violence/Terrorism: measures the perceptions of the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means, including domestic violence and terrorism | World Bank, Good Governance Indicator, 2005 |
| WB2 | Government Effectiveness: measures the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies | World Bank, Good Governance Indicator, 2005 |
| WB3 | Rule of Law: measures the extent to which agents have confidence in and abide by the rules of society, in particular the quality of contract enforcement, the police, and the courts, as well as the likelihood of crime and violence | World Bank, Good Governance Indicator, 2005 |

Appendix 4. List of countries included in analysis (N=114)

Algeria
Argentina
Bangladesh
Belize
Benin
Bolivia
Botswana
Brazil
Burkina Faso
Burundi
Cambodia
Cameroon
Cape Verde
Central African Republic
Chile
China
Colombia
Congo, Dem. Rep.
Congo, Rep.
Costa Rica
Cote d'Ivoire
Croatia
Cyprus
Czech Republic
Dominica
Dominican Republic
Ecuador
Egypt, Arab Rep.
El Salvador
Equatorial Guinea
Ethiopia
Fiji
Gabon
Gambia, The
Ghana
Grenada
Guatemala
Guinea
Guinea-Bissau
Guyana
Haiti
Honduras
Hungary
India
Indonesia
Israel
Jamaica
Jordan
Kenya
Korea, Rep.
Kuwait
Lao PDR
Latvia
Lebanon
Liberia
Lithuania
Macedonia, FYR
Madagascar
Malawi
Malaysia
Maldives
Mali
Malta
Mauritania
Mauritius
Mexico
Moldova
Morocco
Mozambique
Namibia
Nepal
Nicaragua
Niger
Nigeria
Oman
Pakistan
Panama
Papua New Guinea
Paraguay
Peru
Philippines
Poland
Romania
Rwanda
Saudi Arabia
Senegal
Seychelles
Sierra Leone
Singapore
Slovenia
Somalia
South Africa
Sri Lanka
Sudan
Suriname
Swaziland
Syrian Arab Republic
Tajikistan
Tanzania
Thailand
Togo
Trinidad and Tobago
Tunisia
Turkey
Turkmenistan
Uganda
Uruguay
Uzbekistan
Venezuela, RB
Vietnam
West Bank and Gaza
Yemen, Rep.
Zambia
Zimbabwe

Appendix 5. List of Organizations

| Organization Name | Official Development Arm | Religious persons on Board of Directors | Rhetoric: "Poorest of the Poor" | Religious Text quotes | Terms in Mission and Values | Hiring requirement | Projects | Index (0 - 5) | Year Founded | Affiliation | Total Annual Revenue, 2005 | Percent Federal Funding |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Mennonite Economic Development Associates | | | | X | X | | | 2 | 1954 | Evangelical | $ 10,479,077 | 22.36% |
| Admiral Jeremiah Denton Foundation | | | | | X | | | 1 | 1983 | Faith Founded Christian | $ 187,616 | 46.64% |
| Adventist Development and Relief Agency International, Inc. | X | | | | X | X | | 2 | 1956 | Evangelical | $ 130,700,000 | 32.84% |
| American Jewish World Service | | X | | | | | | 1 | 1985 | Jewish | $ 27,402,632 | 0.00% |
| American Leprosy Missions | | X | | X | X | X | | 4 | 1906 | Evangelical | $ 8,156,515 | 1.07% |
| American ORT, Inc. | | | | | | | | 0 | 1880 | Jewish | $ 12,210,455 | 8.63% |
| American Service to India | | | | | | | | 0 | 1981 | Hindu | $ 922,748 | 0.00% |
| Armenian Missionary Association of America Inc. | | X | | X | X | | X | 4 | 1981 | Evangelical | $ 13,312,975 | 0.00% |
| Assist International | | | | | | | | 0 | 1990 | Faith Founded Christian | $ 22,791,696 | 0.26% |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Benevolent Healthcare Foundation | | | | | | | | 0 | 1987 | Evangelical | $ 34,530,595 | 0.00% |
| Bethany Christian Services International, Inc. | | X | | | X | | | 2 | 1944 | Evangelical | $ 3,133,087 | 0.00% |
| Blessings International | | | | | | | | 0 | 1981 | Evangelical | $ 66,203,020 | 0.01% |
| Board of World Mission of the Moravian Church | X | X | | X | X | | | 3 | 1745 | Mainline Protestant | $ 1,408,610 | 0.00% |
| Brother's Brother Foundation | | | | | | | | 0 | 1963 | Evangelical | $ 282,600,000 | 0.06% |
| Buckner Orphan Care International, Inc. | | | | X | X | X | | 3 | 1879 | Evangelical | $ 4,968,284 | 0.00% |
| Catholic Medical Mission Board, Inc. | | X | | | X | | | 2 | 1928 | Catholic | $ 201,800,000 | 0.22% |
| Catholic Near East Welfare Association | | X | | | X | | X | 3 | 1924 | Ecumenical Christian | $ 27,354,644 | 7.10% |
| Catholic Relief Services (USCCB) | X | X | | | X | | | 2 | 1943 | Catholic | $ 707,900,000 | 47.34% |
| Chapin Living Waters Foundation | | | | | X | | | 1 | 1999 | Evangelical | $ 92,742 | 0.00% |
| Children & Charity International | | X | | | | | | 1 | 1998 | Evangelical | $ 104,398 | 0.00% |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Children of Promise International | | | | X | | | X | 2 | 1968 | Evangelical | $ 1,661,341 | 0.00% |
| Children's Cup | | | | X | | | | 1 | 1992 | Evangelical | $ 671,231 | 0.00% |
| Children's Emergency Relief International | | | | | | | | 0 | 1999 | Mainline Protestant | $ 1,099,743 | 0.00% |
| Children's Hunger Relief Fund, Inc. | | X | | X | | | | 2 | 1975 | Evangelical | $ 35,022,249 | 0.15% |
| Children's Medical Ministries | | | | X | X | | | 2 | 1988 | Evangelical | $ 2,649,257 | 0.00% |
| Christel House International, Inc. | | | | | | | | 0 | 1982 | Faith Founded Christian | $ 782,100,000 | 5.66% |
| Christian Blind Mission International | | | X | | X | | | 2 | 1908 | Evangelical | $ 24,528,375 | 0.00% |
| Christian Freedom International Inc. | | | | X | X | | X | 3 | 1983 | Evangelical | $ 965,427 | 0.00% |
| Christian Medical & Dental Society | | | | X | X | X | | 3 | 1973 | Evangelical | $ 12,052,042 | 0.00% |
| Christian Mission Aid | | | | X | X | X | X | 4 | 1986 | Evangelical | $ 742,857 | 80.77% |
| Christian Reformed World Relief Committee | X | | | X | X | X | X | 4 | 1962 | Evangelical | $ 15,876,197 | 0.80% |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Christian Relief Services | X | X | | | | | 2 | 1985 | Faith Founded Christian | $ 32,604,804 | 0.22% |
| Church World Service, Inc. | X | | | | | X | 2 | 1942 | Ecumenical Christian | $ 88,132,534 | 31.22% |
| CitiHope International, Inc. | X | | | | | | 1 | 1985 | Mainline Protestant | $ 42,556,080 | 2.19% |
| Community of Caring | X | | | X | | | 2 | 1980 | Mainline Protestant | $ 1,061,357 | 0.84% |
| Convoy of Hope | | | | | | | 0 | 1994 | Evangelical | $ 42,064,926 | 0.07% |
| Covenant House | X | | X | X | | X | 4 | 1972 | Catholic | $ 120,300,000 | 9.90% |
| Cross International Aid, Inc. | X | X | X | X | | X | 5 | 2001 | Interfaith | $ 171,000,000 | 0.00% |
| CrossLink International, Ltd. | | | | X | | | 1 | 1966 | Evangelical | $ 3,577,818 | 0.00% |
| CURE International, Inc. | | | | X | | | 1 | 1996 | Evangelical | $ 16,203,207 | 0.02% |
| DESTA | | | | | | | 0 | 1997 | Evangelical | $ 3,199,654 | 0.00% |
| Emmanuel International Mission | | | X | X | X | X | 4 | 1975 | Evangelical | $ 141,125 | 0.00% |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Enterprise Development International | | | X | X | X | | | 3 | 1985 | Faith Founded Christian | $ 1,345,991 | 0.00% |
| Episcopal Relief and Development | X | X | | X | X | | | 3 | 1789 | Mainline Protestant | $ 39,375,038 | 0.00% |
| Equip Inc. | | X | | X | X | X | X | 5 | 1983 | Evangelical | $ 1,619,786 | 0.00% |
| Evangelistic International Ministries | | X | | X | X | | X | 4 | 2004 | Evangelical | $ 753,137 | 24.30% |
| Family Outreach Ministries International, Inc. | | X | | | | | | 1 | 1999 | Evangelical | $ 664,703 | 0.00% |
| Feed the Children, Inc. | | | | | | | | 0 | 1967 | Evangelical | $ 861,400,000 | 4.52% |
| Floresta USA, Inc. | | X | | | X | | | 2 | 1984 | Evangelical | $ 1,121,374 | 0.00% |
| Focus Humanitarian Assistance U.S.A. | X | X | | | X | | | 2 | 1994 | Muslim | $ 8,258,082 | 0.00% |
| Food for the Hungry, Inc. | | | | X | X | X | X | 4 | 1971 | Evangelical | $ 66,662,637 | 32.84% |
| Food For The Poor, Inc. | | X | X | X | X | | | 4 | 1982 | Faith Founded Christian | $ 782,100,000 | 5.66% |
| Free Wheelchair Mission | | | | | X | | | 1 | 1999 | Faith Founded Christian | $ 2,201,720 | 0.00% |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Global Assistance, Inc. | | | | | | | 0 | 1991 | Evangelical | $ 889,432 | 0.00% |
| Global Health Action, Inc. | | | | | | | 0 | 1972 | Faith Founded Christian | $ 723,835 | 14.40% |
| Global Health Ministries | X | | X | X | | | 3 | 1987 | Mainline Protestant | $ 2,681,437 | 2.74% |
| Global Operations & Development/Giving Children Hope | | | | X | | | 1 | 1993 | Faith Founded Christian | $ 22,090,261 | 0.12% |
| Global Resource Services | | | | | | | 0 | 1977 | Faith Founded Christian | $ 1,680,564 | 0.00% |
| Gospel for Asia, Inc. | X | | X | X | X | X | 5 | 1978 | Evangelical | $ 54,104,551 | 0.00% |
| Habitat for Humanity International, Inc. | X | | | X | | | 2 | 1976 | Faith Founded Christian | $ 195,600,000 | 9.63% |
| Healing Hands International, Inc. | | | | X | | | 1 | 1993 | Evangelical | $ 3,906,337 | 7.35% |
| Healing Waters International | | | | X | | | 1 | 1999 | Evangelical | $ 1,364,847 | 0.00% |
| Health for Humanity | | | | | | | 0 | 1992 | Other Religion | $ 582,133 | 0.00% |
| Healthcare Charities, Inc. | | | | | | | 0 | 1995 | Hindu | $ 2,228,318 | 0.00% |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Heart to Heart International, Inc. | | | | X | | | | 1 | 1992 | Faith Founded Christian | $ | 75,540,721 | 0.37% |
| Hermandad, Inc. | | X | | X | | | | 2 | 1975 | Interfaith | $ | 99,871 | 0.00% |
| Holt International Children's Services, Inc. | X | | X | X | | | | 3 | 1956 | Evangelical | $ | 19,452,153 | 3.13% |
| Holy Land Christian Ecumenical Foundation, Inc. | X | | | X | | | | 2 | 1999 | Ecumenical Christian | $ | 1,686,158 | 0.00% |
| Hope For A Healthier Humanity | | X | | | | | | 1 | 1999 | Catholic | $ | 3,363,440 | 0.26% |
| Hope International | | | | X | X | | | 2 | 1997 | Evangelical | $ | 1,950,169 | 0.00% |
| HOPE Worldwide, Ltd. | | X | X | X | | | | 3 | 1991 | Evangelical | $ | 36,393,552 | 14.28% |
| International Aid, Inc. | | | X | X | | | | 2 | 1980 | Evangelical | $ | 42,906,011 | 0.11% |
| International Christian Adoptions | | | X | X | | | | 2 | 1990 | Evangelical | $ | 1,840,338 | 0.00% |
| International Crisis Aid | X | | X | X | | | | 3 | 2002 | Evangelical | $ | 642,613 | 0.00% |
| International Disaster Emergency Service, Inc. | | | X | X | | | X | 3 | 1973 | Evangelical | $ | 8,127,253 | 0.00% |

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| International Foundation for Education and Self-Help | | X | X | | | | | | | 2 | 1983 | Faith Founded Christian | $ 14,709,263 | 32.04% |
| International Justice Mission | | | | X | | X | | | | 2 | 1966 | Evangelical | $ 11,300,022 | 7.83% |
| International Orthodox Christian Charities, Inc. | X | X | | X | X | | | | | 3 | 1992 | Orthodox | $ 30,860,329 | 52.53% |
| Kids Alive International | | | | | X | X | | | | 2 | 1916 | Evangelical | $ 3,869,196 | 0.00% |
| Kids Around the World, Inc. | | | | | X | | | | | 1 | 1994 | Evangelical | $ 950,718 | 0.00% |
| Life for Relief and Development | | | | X | | | | | | 1 | 1992 | Muslim | $ 22,034,321 | 0.00% |
| Lifewater International | | X | | X | X | X | | | | 4 | 1978 | Evangelical | $ 2,108,172 | 0.00% |
| Living Water International | | | | X | X | | | | | 2 | 1990 | Evangelical | $ 6,059,200 | 3.84% |
| Lott Carey Baptist Foreign Mission Convention of America | | X | | | X | | | X | | 3 | 1897 | Mainline Protestant | $ 3,004,838 | 0.00% |
| Lutheran World Relief, Inc | X | X | | X | X | | | | | 3 | 1945 | Mainline Protestant | $ 48,665,222 | 4.66% |
| MAP International | | X | | | X | | | | | 2 | 1954 | Evangelical | $ 349,500,000 | 0.00% |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Matthew 25: Ministries, Inc. | | X | X | X | X | | | 4 | 1991 | Faith Founded Christian | $ 63,967,441 | 0.04% |
| Mercy Ships | | | | X | X | | | 2 | 1978 | Evangelical | $ 46,984,055 | 0.02% |
| Mercy-USA for Aid and Development, Inc. | | | | | | | | 0 | 1986 | Muslim | $ 4,930,869 | 53.11% |
| Mission Without Borders International | | X | | | X | | X | 3 | 1960 | Evangelical | $ 34,322,220 | 8.51% |
| National Council of the Young Men's Christian Associations of the USA | | | | | | | | 0 | 1844 | Faith Founded Christian | $ 77,591,000 | 8.14% |
| Nazarene Compassionate Ministries, Inc. | X | X | X | | | X | | 3 | 1990 | Evangelical | $ 6,805,443 | 0.38% |
| New Directions International, Inc. | | | | X | X | | X | 3 | 1968 | Evangelical | $ 3,224,263 | 0.00% |
| New Life International | | | | | X | | X | 2 | 1979 | Evangelical | $ 35,381,660 | 0.00% |
| Northwest Medical Teams International, Inc. | | | | | X | | | 1 | 1979 | Faith Founded Christian | $ 244,400,000 | 0.78% |
| Olive Branch International | | X | | | X | | | 2 | 1994 | Ecumenical Christian | $ 217,867 | 0.00% |
| Operation Blessing International Relief and Development Corporation | | | | | X | | | 1 | 1978 | Evangelical | $ 243,400,000 | 0.21% |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Operation Bootstrap Africa | X | | | | | | | 1 | 1965 | Ecumenical Christian | $ | 658,869 | 0.00% |
| Opportunity International, Inc. | X | | | X | | | | 2 | 1971 | Faith Founded Christian | $ | 42,085,662 | 12.46% |
| Outreach International, Inc. | | | | X | | | | 1 | 1976 | Other Religion | $ | 1,985,753 | 0.00% |
| Partners Worldwide | | | X | X | | | | 2 | 1997 | Evangelical | $ | 2,668,603 | 6.39% |
| Points of Light Foundation | | | | | | | | 0 | 1990 | Evangelical | $ | 22,768,512 | 49.91% |
| Prison Fellowship International | X | | | X | X | X | | 4 | 1979 | Evangelical | $ | 4,715,190 | 0.00% |
| Salesian Missions | X | | | | | X | | 2 | 1859 | Catholic | $ | 44,480,928 | 10.71% |
| Samaritan's Purse | X | | X | X | X | X | | 5 | 1970 | Evangelical | $ | 336,100,000 | 2.40% |
| Serve the Children | | | | X | | X | | 2 | 1997 | Evangelical | $ | 167,932 | 0.00% |
| Seton Institute | X | X | | X | | | | 3 | 1985 | Catholic | $ | 1,520,000 | 0.00% |
| Shelter For Life International, Inc. | | | X | X | | | | 2 | 1979 | Faith Founded Christian | $ | 13,568,030 | 74.11% |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| SIM USA, Inc. | | | | X | X | X | X | 4 | 1893 | Evangelical | $ 35,617,656 | 0.00% |
| Stop Hunger Now | | X | X | | | | | 2 | 1998 | Mainline Protestant | $ 1,443,444 | 0.00% |
| Summer Institute of Linguistics, Inc. | | | | | X | | | 1 | 1934 | Evangelical | $ 157,100,000 | 0.00% |
| The African Methodist Episcopal Church Service | X | X | | | | | | 1 | 1944 | Mainline Protestant | $ 1,504,480 | 4.35% |
| The American Jewish Joint Distribution Committee, Inc. | | | | | | | | 0 | 1914 | Jewish | $ 234,100,000 | 0.00% |
| The Salvation Army World Service Office | X | | | X | X | | | 2 | 1880 | Evangelical | $ 41,606,749 | 3.58% |
| The Tibet Fund | | X | | | | | | 1 | 1981 | Buddhist | $ 5,504,418 | 49.96% |
| Trees for Life, Inc. | | X | | | | | | 1 | 1984 | Hindu | $ 553,554 | 0.00% |
| Union Rescue Mission | | X | | X | X | X | | 4 | 1891 | Evangelical | $ 51,862,000 | 0.94% |
| United Board for Christian Higher Education in Asia | | X | | | | | | 1 | 1919 | Ecumenical Christian | $ 10,953,306 | 3.57% |
| United Methodist Committee on Relief of GBGM-UMC | X | X | | | X | | | 2 | 1940 | Mainline Protestant | $ 151,400,000 | 6.70% |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Voice of the Martyrs | | X | | X | X | X | X | 5 | 1967 | Evangelical | $ 35,351,839 | 0.24% |
| Water Missions International | | | | X | X | | | 2 | 1998 | Evangelical | $ 4,181,484 | 0.00% |
| World Christian Broadcasting Corporation | | | | | X | | X | 2 | 1979 | Evangelical | $ 2,181,330 | 0.00% |
| World Concern Development Organization | | | | | X | X | | 2 | 1948 | Evangelical | $ 3,077,388 | 72.25% |
| World Conference of Religions for Peace | | X | | | | | | 1 | 1970 | Interfaith | $ 2,684,959 | 1.55% |
| World Emergency Relief | | X | | | | | | 1 | 1985 | Evangelical | $ 82,953,821 | 0.00% |
| World Help | | X | | | X | X | X | 4 | 1991 | Evangelical | $ 16,231,143 | 0.00% |
| World Hope International | | | | | X | X | | 2 | 1996 | Evangelical | $ 8,735,552 | 2.06% |
| World Relief Corporation of National Association of Evangelicals | X | X | | | X | X | | 3 | 1944 | Evangelical | $ 57,437,254 | 30.28% |
| World Vision | | X | X | | X | X | | 4 | 1950 | Faith Founded Christian | $ 905,100,000 | 18.35% |

## Appendix 6. Regression Tables

Table 1. Logistic Regression results

| | (1) Base Model | (2) | (3) | (3a) Hypothesis 1- Recipient Need | (4) | (5) | (6) Hypothesis 2- Difficult Environment | (7) | (8) |
|---|---|---|---|---|---|---|---|---|---|
| (log)GDP/capita | -0.246 ( -10.92)*** | | | -0.335 ( -8.44)*** | -0.636 (-9.20 )*** | -0.327 (-13.1)*** | -0.198 ( -8.73)*** | -0.252 (-11.12)** | -0.198 (-6.50)*** |
| (log)Population | 0.334 (20.00)*** | 0.343 ( 20.79)*** | 0.361 (19.5)*** | 0.367 (19.02)*** | 0.365 ( 18.96)*** | 0.360 (21.02)*** | 0.442 ( 22.47 )*** | 0.367 (18.94)** | 0.415 ( 19.72)*** |
| (log)Revenue | 0.244 (19.41 )*** | 0.246 ( 19.73)*** | 0.240 ( 18.75 )*** | 0.242 ( 18.46)*** | 0.245 (18.58)*** | 0.246 ( 19.5)*** | 0.247 ( 19.49)*** | 0.244 ( 19.41)** | 0.247 ( 19.50)** |
| Disaster, dummy | 0.281 (2.29)** | 0.310 ( 2.51 )** | 0.432 ( 3.59 )*** | 0.395 (3.15)*** | 0.354 ( 2.80)*** | 0.220 ( 1.78 )* | 0.403 ( 3.25)*** | 0.403 (3.14)*** | 0.448 ( 3.28)*** |
| HDI | | -1.251 ( -8.03)*** | | | 2.746 ( 5.91)*** | | | | |
| Gini | | | 0.040 ( 12.51 )*** | 0.047 ( 13.39)*** | 0.047 ( 13.44)*** | | | | |
| Life Expectancy | | | | 0.013 ( 3.07)*** | | | | | |
| ReligMatch_1 (majority) | | | | | | | | | |
| ReligMatch_2 (plurality) | | | | | | | | | |
| ReligMatch_3 (proportion) | | | | | | | | | |
| Freedom House | | | | | | -0.068 ( -7.69)*** | | | -0.007 ( -0.56) |
| Gov't restriction on religion | | | | | | | -0.165 (-11.19)*** | | -0.157 (-6.62)*** |
| Social restriction on religion | | | | | | | | -0.046 (-3.35)*** | 0.031 (1.84) |
| Ban on missionaries, Dummy | | | | | | | | | -0.4582 (-2.5)* |
| Colony, Dummy | | | | | | | | | |
| Minority_1, Dummy | | | | | | | | | |
| Official Aid | | | | | | | | | |
| Egypt, Dummy | | | | | | | | | |
| Israel, Dummy | | | | | | | | | |
| Constant | -9.42839 ( -23.16)*** | -10.76 ( -28.7)*** | -13.514 ( -30.49 )*** | -12.125 (-25.09)*** | -10.634 ( -19.9)*** | -8.721 (-21.02)*** | -11.2056 ( -25.44)** | -9.80841 (-23.20)*** | -10.813 (-21.09)*** |
| Pseudo R^2 | 0.0991 | 0.0952 | 0.0873 | 0.0989 | 0.1032 | 0.1047 | 0.1114 | 0.1001 | 0.1126 |
| N | 14190 | 14448 | 12384 | 11868 | 11868 | 14190 | 14190 | 14190 | 14190 |
| BIC | 9862.6 | 10070.3 | 9340.27 | 8909.98 | 8819.59 | 9810.79 | 9737.88 | 9860.77 | 9754.22 |
| log likelihood | -4907.4 | -5011.21 | -4646.57 | -4422.15 | -4376.96 | -4876.71 | -4840.26 | -4901.7 | -4834.09 |
| % Correct | 87.03% | 87.09% | 85.61% | 85.47% | 85.58% | 87.00% | 87.03% | 87.06% | 87.04% |

*** p<0.01, ** p<0.05, * p<0.1

Table 1. Logistic Regression results, continued

| | (9) | (10) | (11) | (12) | (13) | | (14) |
|---|---|---|---|---|---|---|---|
| | Hypothesis 3-Cultural Congruency | | | | | | Hypothesis 4-Minority |
| (log)GDP/Capita | -0.252 | | -0.235 | -0.226 | -0.240 | -0.219 | -0.245 |
| | (-11.09 )*** | | ( -10.27)*** | ( -9.93)*** | ( -10.43)*** | ( -9.43)*** | ( -10.77)*** |
| (log)Population | 0.339 | | 0.347 | 0.356 | 0.356 | 0.377 | 0.320 |
| | ( 20.19)*** | | ( 20.54)*** | ( 21.05)*** | ( 20.71)*** | ( 21.73)*** | ( 18.82 )*** |
| (log)Revenue | 0.242 | | 0.242 | 0.241 | 0.248 | 0.244 | 0.245 |
| | ( 19.17)*** | | ( 19.21)*** | ( 19.00)*** | ( 19.51)*** | (19.09)*** | ( 19.43)*** |
| Disaster, dummy | 0.27085 | | 0.29364 | 0.31909 | -0.18324 | -0.14146 | 0.3418223 |
| | ( 2.20)** | | ( 2.38)** | ( 2.58 )** | ( -1.39) | ( -1.07) | (2.77)*** |
| HDI | | | | | | | |
| Gini | | | | | | | |
| Life expectancy | | | | | | | |
| ReligMatch_1 (majority) | 0.758 | | | | | | |
| | (5.97)*** | | | | | | |
| ReligMatch_2, (plurality) | | | 0.699 | | | | |
| | | | (8.14)*** | | | | |
| ReligMatch_3 (proportion) | | | | 1.590 | | 1.590 | |
| | | | | ( 11.00)*** | | ( 10.84)*** | |
| Freedom House | | | | | | | |
| Gov't restriction on religion | | | | | | | |
| Social restriction on religion | | | | | | | |
| Ban, Dummy | | | | | | | |
| Colony, Dummy | | | | | 1.320 | 1.319 | |
| | | | | | ( 12.43)*** | (12.28)*** | |
| Minority_1, Dummy | | | | | | | 0.718 |
| | | | | | | | ( 6.51)*** |
| Official Aid | | | | | | | |
| Egypt, Dummy | | | | | | | |
| Israel, Dummy | | | | | | | |
| Constant | -9.450 | | -9.756 | -10.068 | -9.945 | -10.587 | -9.249 |
| | (-23.17)*** | | (-23.68)*** | (-24.26 )*** | (-23.92)*** | ( -24.97)*** | (-22.54)*** |
| Pseudo R^2 | 0.102 | | 0.1046 | 0.1092 | 0.1116 | 0.1215 | 0.1027 |
| N | 14190 | | 14190 | 14190 | 14190 | 14190 | 14190 |
| BIC | 9840.4 | | 9811.67 | 9761.65 | 9736.05 | 9637.85 | 9832.991 |
| log likelihood | -4891.52 | | -4877.16 | -4852.14 | -4839.34 | -4785.46 | -4887.815 |
| % Correct | 87.08% | | 87.08% | 87.10% | 87.25% | 87.26% | 87.00% |

*** p<0.01, ** p<0.05, * p<0.1

z-values in parentheses

Dependent variable equals 1 if organization is active in country, 0 otherwise

Table 1. Logistic Regression results (continued)

| | (15) | (16) | (17) | (18) | (19) | (20) |
|---|---|---|---|---|---|---|
| | Hypothesis 5- Nongovernmental? | | | | Full Model | |
| (log)GDP/Capita | -0.195 | -0.242 | -0.250 | -0.174 | -0.629 | -0.330 |
| | ( -7.76)*** | ( 10.74)*** | ( 10.95)*** | (-6.71)*** | (-7.80)*** | ( -6.57)*** |
| (log)Population | 0.300 | 0.341 | 0.335 | 0.301 | 0.404 | 0.395 |
| | (16.99)*** | ( 20.26)*** | (19.99)** | ( 17.00)*** | (16.92)*** | ( 16.37)*** |
| (log)Revenue | 0.242 | 0.245 | 0.244 | 0.243 | 0.243 | 0.240 |
| | ( 18.58)*** | ( 19.42)*** | ( 19.41)*** | (18.62)*** | (17.50)*** | ( 17.38)*** |
| Disaster, dummy | 0.530 | 0.257 | 0.282 | 0.485 | | |
| | ( 3.70 )*** | ( 2.08)** | ( 2.29)** | ( 3.38)*** | | |
| HDI | | | | | 2.951 | |
| | | | | | (5.54)*** | |
| Gini | | | | | 0.028 | 0.032 |
| | | | | | ( 5.87)*** | (6.87)*** |
| Life expectancy | | | | | | 0.014 |
| | | | | | | ( 2.82)** |
| ReligMatch_1 (majority) | | | | | | |
| ReligMatch_2 (plurality) | | | | | | |
| ReligMatch_3 (Proportion) | | | | | 1.112 | 1.160 |
| | | | | | ( 6.46)*** | ( 6.65)*** |
| Freedom House | | | | | -0.039 | -.021 |
| | | | | | ( -2.88)** | (-2.20)** |
| Gov't restriction on religion | | | | | -0.078 | -0.051 |
| | | | | | ( -3.04)*** | (-1.99)** |
| Social restriction on religion | | | | | | |
| Ban, Dummy | | | | | | |
| Colony, Dummy | | | | | 0.764 | 0.851 |
| | | | | | ( 6.74)*** | ( 7.36)*** |
| Minority_1, Dummy | | | | | 0.457 | 0.402 |
| | | | | | ( 2.97)*** | ( 2.72)*** |
| Official Aid | 0.001 | | | 0.001 | 0.001 | 0.001 |
| | ( 4.66)** | | | ( 6.48)*** | ( 5.41)*** | (5.48)*** |
| Egypt, Dummy | | -0.989 | | -1.617 | -0.744 | -0.884 |
| | | ( -3.08 )*** | | ( -4.84)*** | ( -2.09)** | (-2.49)** |
| Israel, Dummy | | | 0.348 | -0.213 | | |
| | | | (-1.12) | (-0.67) | | |
| Constant | -9.289 | -9.563 | -9.41341 | -9.50358 | -10.4231 | -11.8468 |
| | (-22.05)*** | (-23.38)*** | (-23.10)*** | (-22.41 )*** | (-16.89)*** | ( -19.75)*** |
| Pseudo R^2 | 0.0932 | 0.1002 | 0.0992 | 0.0964 | 0.1195 | 0.1146 |
| N | 12513 | 14190 | 14190 | 12513 | 10578 | 10578 |
| BIC | 9114.63 | 9859.99 | 9871.02 | 9101.28 | 8014.06 | 8103.61 |
| log likelihood | -4529.01 | -4901.31 | -4906.83 | -4512.9 | -3946.8 | -4005.49 |
| % Correct | 86.24% | 87.05% | 87.02% | 86.22% | 84.94% | 84.90% |

*** p<0.01, ** p<0.05, * p<0.1

z-values in parentheses

Dependent variable equals 1 if organization is active in country, 0 otherwise

Appendix 7. Allocation

Initial NGO research has focused on building allocation models. However, explanatory variables may have a different effect during the selection stage versus the allocation stage. For example, Koch et al. (2008) finds that shared religious tradition between the majority of the recipient country and the NGO is a significant predictor during the selection process, but not the allocation process. On the other hand, measures of recipient need are found to be important when deciding how much to allocate, but not the initial selection process.

The most simple model for the second step of disbursal of funding is to use OLS regression. However, many scholars in this field warn against this method due to selection bias: "may generate sample-selection bias" (Bethelemy 2006). Selection bias will be especially problematic with overdispersion of the dependent variable (Koch et al 2008). The dependent variable in the allocation dataset contains over 80% zero values.

As discussed previously, 13 organization included in the dataset publish country by country funding. Two additional organizations, ADRA and World Vision, were added to the allocation dataset using Koch et al dataset (2006). In total, the dataset consists of 1,710 observations (15 organizations in 114 countries). These organization go above and beyond what is officially required to maintain tax exempt status and federal government funding. The public availability of disaggregated financial information (either at the country or project level) is not required by the federal government in order to maintain tax exempt status. Moreover, this information is not solicited by USAID in order to register as a PVO. "Financial viability" is the only condition for registration, as discussed

in the introduction.[67] In practice, this requirement is generally satisfied by the organization through publishing a financial statement verified by a certified accounting firm.

Organizations tend to only provide the necessary information. As stated, the federal government does not require disaggregated, country level financial information. In addition, watchdog groups, such as GuideStar, Charity Navigator do not provide project aid level allocation information. These groups weight the bulk of their rankings on the breakdown of funding between overhead costs versus programming costs (see Smillie 1997 for discussion). A more extensive financial report is not rewarded, and thus, not worth the time and effort of the organization. As a consequence, many organizations do not maintain accounting records at the country or project level.

What drives some organizations to release financial information, while others are reluctant to do so? Why do these organizations allocate resources to do so when it is not required? I assert that organization must believe that they have something to gain from publishing this information. Organizations can use disaggregated country and project level data to appeal to donors. Not only does it make the organization appear to be more financially transparent, but it also may demonstrate to the donor the types of recipients and projects are most important, and thus most heavily funded. For example, American Joint Jewish Distribution Committee publishes information in such a way that they believe it will appeal to their donors. The organization displays their country level aid budget in a table form in their annual reports directly alongside country level Jewish

[67] "Conditions for Registration for U.S. Organizations." USAID. http://www.usaid.gov/our_work/cross-cutting_programs/private_voluntary_cooperation/conditions_us_organizations.pdf

population data. [68] This display demonstrates the organization's commitment to their fellow adherents to their donors. A potential donor has tangible evidence from this publication that the organization's aim is to help those of the same faith, as well as being responsive to the size of the population in a country, budgeting aid in proportion to the population of co-adherents in a country.

Insert Table 16 about here.

Before any empirical analysis is discussed, I will first describe the extent to which this subset of faith-based organizations is representative for the sector as a whole. The Table 16 contains the number of faith-based organized by religious affiliation for the dataset used in the selection model (N=129) and the allocation dataset (N=15). Similar to the selection model sample, the allocation subset is dominated by evangelical organizations, representing roughly 50% of each sample. Likewise, the subset is representative of the selection model subset in terms of level of religiosity of the Christian organizations. However, the allocation dataset is not representative for non-Christian faith-based organizations, as it contains information on only one non-Christian organization, the American Joint Jewish Distribution Committee. In comparison, 84.92% of the selection dataset, respectively, are composed of non-Christian organizations. These groups represent several faiths, including Judaism, Buddhism, Islam and Jainism. In addition, the allocation dataset contains no Catholic organization.

In terms of total annual revenue, the allocation dataset is representative of the sector as a whole. The allocation subset is dominated by a few very large organizations

[68] 2005 and 2006 Annual Reports

and the distribution as a whole is skewed to the right. Four of the fifteen organizations have an annual income greater than $100 million dollars in FY 2005. However, the sample of organizations with allocation information is biased towards those who receive government funding. 54% of faith-based organizations registered as PVOs did not receive any government funding during 2005. In comparison, only three organizations that public allocation information do not receive funding from the government. It follows that the mean federal revenue for the allocation sample is greater than that for the sample used in the preceding analysis.

In terms of country commitments, the organizations that release financial information have a with a sample mean of 23.13 and sample median of 13 country commitments per organization in comparison to the selection dataset with a mean of 14.73 and sample median of 9, respectively. This finding is to be expected. If an organization goes to the extent to disaggregate their funding information, it is assumed that they organization is active in numerous geographic locations. Additionally, the allocation subset may have more country commitments and be more active in international development as a consequence of greater government funding.

The regression analysis is repeated for the allocation dataset. First, the logistic regression model is repeated. I find some discrepancies in the logistic regression model between the allocation subsample (N=15) and the complete dataset (N=129). The biggest discrepancies occur in the hypothesis testing for recipient needs. The predictor variable for GDP per capita (logged) fails to remain statistically significant throughout the hypothesis testing or when tested individuals as the sole predictor of recipient need. However, the predictors for economic inequality and development are significant with the

expected signs. In regards to hypothesis 5, The US foreign aid allocation is not statistically significant for this sample. Lastly, the disaster dummy variable fails to be significant in any model specification. Next, I estimate the allocation model using OLS, using the log of absolute aid allocation as the dependent variable (Koch 2006). Again, GDP per capita (logged) is not statistically significant in testing the recipient need hypothesis.

In summary, the allocation model provides weak verification of the results to the selection model for the entire analysis. I find strong support again for hypotheses 2 and 3. In terms of recipient need, organizations in the subsample appear to depend on measures of economic inequality when selecting the amount of funding to disburse. Moreover, US official foreign aid allocation fails to be significant, even though a majority of the organizations are recipients of USAID funding.

**Selection Dataset N=129**

| | Mean | Standard dev. | Min | Max |
|---|---|---|---|---|
| Age | 38.27132 | 40.75551 | 1 | 260 |
| Total Annual Revenue | $67,700,000 | $164,000,000 | $92,742 | $905,000,000 |
| Government Annual Revenue | $6,821,171 | $6,821,171 | 0 | $335,000,000 |
| | | | | |
| Index (Christian affiliated only) | 2.122807 | 1.317952 | 0 | 5 |
| Country Commitments | 14.73 | 15.37 | 1 | 78 |
| | | | | |
| **Allocation Dataset N=15** | | | | |
| Age | 44.66667 | 37.97681 | 8 | 125 |
| Total Annual Revenue | $111,000,000 | $232,000,000 | $1,121,374 | $905,000,000 |
| Government Annual Revenue | $15,700,000 | $43,200,000 | 0 | $166,000,000 |
| | | | | |
| Index (Christian affiliated only) | 2.214286 | 0.9749613 | 0 | 5 |
| Country Commitments | 23.13 | 20.25 | 4 | 65 |

Table 16. Summary Statistics

| | Base | Hypothesis 1 | | | Hypothesis 2 | | | | | Hypothesis 3 | | Hyp. 4 | Hypothesis 5 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| GDP/capita(logged) | -0.138 | | | -1.160*** | -0.31*** | -0.0434 | -0.145 | -0.145 | -0.0446 | -0.00545 | 0.0219 | -0.134 | -0.108 | -0.127 | -0.125 | -0.0486 |
| | (0.1) | | | (0.32) | (0.11) | (0.1) | (0.1) | (0.1) | (0.1) | (0.1) | (0.1) | (0.1) | (0.12) | (0.1) | (0.1) | (0.12) |
| Population(logged) | 0.612*** | 0.640*** | 0.743*** | 0.725*** | 0.671*** | 0.763*** | 0.711*** | 0.711*** | 0.784*** | 0.734*** | 0.722*** | 0.626*** | 0.630*** | 0.654*** | 0.638*** | 0.625*** |
| | (0.07) | (0.07) | (0.093) | (0.094) | (0.071) | (0.077) | (0.08) | (0.08) | (0.084) | (0.069) | (0.068) | (0.068) | (0.076) | (0.068) | (0.068) | (0.076) |
| Revenue (logged) | 0.765*** | 0.765*** | 0.871*** | 0.858*** | 0.765*** | 0.765*** | 0.765*** | 0.765*** | 0.765*** | 0.789*** | 0.790*** | 0.766*** | 0.722*** | 0.765*** | 0.765*** | 0.722*** |
| | (0.061) | (0.06) | (0.068) | (0.069) | (0.06) | (0.06) | (0.061) | (0.061) | (0.061) | (0.06) | (0.06) | (0.061) | (-0.066) | (0.061) | (0.061) | (0.066) |
| Disaster, dummy | 1.032 | 0.973 | 0.915 | 0.715 | 0.859 | 1.274* | 1.493* | 1.493* | 1.229 | | | | | | | |
| | (0.75) | (0.75) | (0.8) | (0.79) | (0.75) | (0.75) | (0.77) | (0.77) | (0.79) | | | | | | | |
| HDI | | 0.382 | | 8.263*** | | | | | | | | | | | | |
| | | (0.72) | | (2.19) | | | | | | | | | | | | |
| Gini | | | 0.0568*** | 0.0619*** | | | | | | | | | | | | |
| | | | (0.016) | (0.016) | | | | | | | | | | | | |
| Israel, Dummy | | | | | | | | | | | | | | | -0.856 | -1.591 |
| | | | | | | | | | | | | | | | (1.26) | (1.34) |
| Egypt, Dummy | | | | | | | | | | | | | | -2.479** | | -3.456** |
| | | | | | | | | | | | | | | (1.25) | | (1.39) |
| US Official Aid | | | | | | | | | | | | | 0.00043 | | | 0.00183 |
| | | | | | | | | | | | | | (0.001) | | | (0.0011) |
| Minority, dummy | | | | | | | | | | | | 0.716 | | | | |
| | | | | | | | | | | | | (0.68) | | | | |
| Religion Match | | | | | | | | | | 6.680*** | 6.790*** | | | | | |
| | | | | | | | | | | (1.05) | (1.04) | | | | | |
| Colony, Dummy | | | | | | | | | | | 3.039*** | | | | | |
| | | | | | | | | | | | (0.62) | | | | | |
| Social Restriction on Religion | | | | | | | -0.166** | -0.166** | -0.0164 | | | | | | | |
| | | | | | | | (0.065) | (0.065) | (0.075) | | | | | | | |
| Gov't restriction on religion | | | | | | -0.286*** | | | -0.302*** | | | | | | | |
| | | | | | | (0.06) | | | (0.083) | | | | | | | |
| Ban, dummy | | | | | | | | | 0.342 | | | | | | | |
| | | | | | | | | | (0.6) | | | | | | | |
| Freedom House | | | | | -0.170*** | | | | | | | | | | | |
| | | | | | (0.036) | | | | | | | | | | | |
| Constant | -19.08*** | -20.92*** | -26.48*** | -22.24*** | -17.37*** | -21.55*** | -20.25*** | -20.25*** | -21.82*** | -23.07*** | -23.24*** | -19.36*** | -18.89*** | -19.79*** | -19.56*** | -19.33*** |
| | (1.84) | (1.66) | (2.11) | (2.63) | (1.87) | (1.9) | (1.9) | (1.9) | (1.95) | (1.89) | (1.87) | (1.83) | (1.98) | (1.83) | (1.83) | (1.98) |
| Observations | 1649 | 1679 | 1439 | 1379 | 1649 | 1649 | 1649 | 1649 | 1649 | 1649 | 1649 | 1649 | 1454 | 1649 | 1649 | 1454 |
| R-squared | 0.14 | 0.14 | 0.14 | 0.15 | 0.15 | 0.15 | 0.14 | 0.14 | 0.15 | 0.16 | 0.17 | 0.14 | 0.13 | 0.14 | 0.14 | 0.13 |
| Adj. R-squared | 0.135 | 0.133 | 0.142 | 0.151 | 0.146 | 0.146 | 0.137 | 0.137 | 0.145 | 0.154 | 0.166 | 0.134 | 0.123 | 0.136 | 0.134 | 0.126 |

Standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Dependent Variable is amount allocated (logged)

**Table 2. OLS estimation**